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1977

AVEK
Antelope Valley-East Kern
Water Agency
\$18,000,000
1975 Water Bonds, Series C
General Obligation

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Sale: February 22, 1977
Bartle Wells Associates

SUGGESTED FORM OF PROPOSAL
FOR PURCHASE OF BONDS

Mrs. Betty J. Regan, Secretary-Treasurer
Antelope Valley-East Kern Water Agency
c/o Bank of America N.T. & S.A.
Corporate Agency Division
111 West Seventh Street, First Floor
Los Angeles, California 90014

February 22, 1977

Gentlemen:

For \$18,000,000 Antelope Valley-East Kern Water Agency 1975 Bonds, Series C, as described in the Notice Inviting Bids, which is incorporated herein and made a part of this proposal, we will pay the sum of \$18,000,000, a premium of \$ _____, and interest to the date of delivery for bonds to bear interest at the annual rates set forth below:

Maturity				Maturity			
Cumulative	Date	Principal	Interest	Cumulative	Date	Principal	Interest
Bond Years	March 1	Amount	Rate	Bond Years	March 1	Amount	
2,800	1981	\$ 700,000	_____ %	88,700	1990	\$1,150,000	_____ %
6,800	1982	800,000	_____ %	104,800	1991	1,150,000	_____ %
12,200	1983	900,000	_____ %	122,050	1992	1,150,000	_____ %
18,850	1984	950,000	_____ %	140,450	1993	1,150,000	_____ %
26,850	1985	1,000,000	_____ %	160,000	1994	1,150,000	_____ %
36,300	1986	1,050,000	_____ %	180,700	1995	1,150,000	_____ %
47,300	1987	1,100,000	_____ %	202,550	1996	1,150,000	_____ %
59,950	1988	1,150,000	_____ %	225,550	1997	1,150,000	_____ %
73,750	1989	1,150,000	_____ %				

A certified or cashier's check in the amount of \$90,000 payable to the order of the Agency is enclosed. Up to 300 copies of the Official Statement will be furnished to the successful bidder, at the Agency's expense.

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(For information only, not part of proposal.)

Interest payable from March 1,
1977 through March 1, 1997 \$ _____

Less - premium _____

Net interest payable _____

Net effective interest rate _____

(A list of members of our underwriting group
is attached.)

**NOTICE INVITING BIDS ON \$18,000,000
ANTELOPE VALLEY-EAST KERN WATER
AGENCY 1975 WATER BONDS, SERIES C,
GENERAL OBLIGATION**

NOTICE IS HEREBY GIVEN that sealed proposals for the purchase of \$18,000,000 par value general obligation bonds of Antelope Valley East Kern Water Agency, California, will be received by the Agency at the place and up to the time below specified.

TIME: 2:00 P.M. Pacific Standard Time
February 22, 1977
PLACE: Corporate Agency Division
Bank of America National Trust
and Savings Association
111 West 7th Street
Los Angeles, California 90014
Antelope Valley-East Kern
Water Agency
Attention: Mrs. Betty J. Regan,
Secretary-Treasurer
c/o Corporate Agency Division
Bank of America National Trust
and Savings Association
111 West 7th Street
Los Angeles, California 90014

MAILED BIDS: \$18,000,000 designated

ISSUE: "Antelope Valley-East Kern Water Agency 1975 Water Bonds, Series C, General Obligation," consisting of 3600 bonds, numbered 1 to 3600, both inclusive, of the denomination of \$5,000 each, dated March 1, 1977.

MATURITIES: The bonds will mature in consecutive numerical order on March 1 in the amounts for each of the several years as follows:

Year of Maturity	Principal Maturing	Year of Maturity	Principal Maturing
1981	\$700,000	1990	\$1,150,000
1982	800,000	1991	1,150,000
1983	900,000	1992	1,150,000
1984	950,000	1993	1,150,000
1985	1,000,000	1994	1,150,000
1986	1,050,000	1995	1,150,000
1987	1,100,000	1996	1,150,000
1988	1,150,000	1997	1,150,000
1989	1,150,000		

INTEREST: The bonds shall bear interest at a rate or rates to be fixed upon the sale thereof but not to exceed 8% per annum, payable annually the first year and semiannually thereafter.

PAYMENT: Said bonds and the interest thereon are payable in lawful money of the United States of America at the main office of the paying agent of the Antelope Valley-East Kern Water Agency in Los Angeles, California, or at any paying agent of said Agency in New York, New York, or Chicago, Illinois, at the option of the holder thereof.

REGISTRATION: The bonds will be coupon bonds registrable as to principal only or as to both principal and interest, and the form of registration may be changed, or the bonds discharged from registration, all in accordance with the provisions in the resolution providing for the issuance of the bonds.

REDEMPTION: The bonds maturing on or prior to March 1, 1987, shall not be subject to call or redemption prior to maturity. The bonds maturing on or after March 1, 1988, may be called before maturity and redeemed at the option of the Board of Directors of the Agency on March 1, 1987, or on any interest payment date thereafter as a whole, or in part, in inverse order of maturity and by lot within each maturity, upon payment of the principal amount thereof and interest accrued thereon to the date fixed for redemption, plus a premium of one-half of one percent of such principal amount for each year or a fraction thereof remaining between the date fixed for redemption and the maturity date; provided, however, that in no event shall such premium exceed 3% of said principal amount.

PURPOSE OF ISSUE: Said bonds are authorized by the Agency at a special Agency election of June 4, 1974, for the purposes and objects mentioned in the resolution calling said election.

SECURITY: Said bonds are issued pursuant to Section 53541 of the California Government Code and in accordance with the Antelope Valley-East Kern Water Agency Law. If the revenues of the Agency are, or in the judgment of the Board of Directors will probably be, inadequate for any cause, said bonds and the interest thereon shall be paid from an annual tax upon all taxable property within the Agency. Such tax shall be levied and collected together with and not separately from taxes for county purposes and when collected shall pay the same to the Agency.

TERMS OF SALE

Interest Rate: The maximum rate bid may not exceed 8% per annum, payable annually the first year and semiannually thereafter. Each rate bid must be a multiple of 1/20 of 1%. No bond shall bear more than one interest rate, and all bonds of the same maturity shall bear the same rate. Each bond must bear interest at the rate specified in the bid from its date to its fixed maturity date and the interest rate on bonds maturing in each year after 1988 shall be equal to or greater than the interest rate specified for the preceding year. Only one coupon will be attached to each bond for each installment of interest thereon, and bids providing for additional or supplemental coupons will be rejected.

Award: The bonds shall be sold for cash only. All bids must be for not less than all of the bonds hereby offered for sale and each bid shall state that the bidder offers par and accrued interest to the date of delivery, the premium, if any, and the interest rate or rates not to exceed those specified herein, at which the bidder offers to buy said bonds. Each bidder shall state in his bid the total net interest cost in dollars and the average net interest rate determined thereby, which shall be considered informative only and not a part of the bid.

Highest Bidder: The bonds will be awarded to the highest responsible bidder or bidders considering the interest rate or rates specified and the premium offered, if any. The highest bid will be determined by deducting the amount of the premium bid (if any) from the total amount of interest which the Agency would be required to pay from the date of said bonds to the respective maturity dates thereof at the coupon rate or rates specified in the bid, and the award will be made on the basis of the lowest net interest cost to the Agency. The purchaser must pay accrued interest from the date of the bonds to the date of delivery, computed on a 360-day year basis. The cost of printing the bonds will be borne by the Agency.

Right of Rejection: The Agency reserves the right, in its discretion, to reject any and all bids and to the extent not prohibited by law to waive any irregularity or informality in any bid.

Prompt Award: The Agency will take action awarding the bonds or rejecting all bids not later than twenty-six (26) hours after the time herein prescribed for the receipt of proposals; provided that the award may be made after the expiration of the specified time if the bidder shall not have given to said Board notice in writing of the withdrawal of such proposal.

Place of delivery: Delivery of said bonds will be made to the successful bidder at the office of the Treasurer of the Agency or other place mutually agreed upon.

Prompt Delivery: Cancellation for Late Delivery: It is expected that said bonds will be delivered to the successful bidder within thirty (30) days from the date of sale thereof. The successful bidder shall have the right, at his option, to cancel the contract of purchase if the Agency shall fail to execute the bonds and tender them for delivery within sixty (60) days from the date herein fixed for the receipt of bids, and in such event the successful bidder shall be entitled to the return of the check accompanying his bid.

Form of Bid: Each bid, together with the bid check must be in a sealed envelope, addressed to Mrs. Betty J. Regan, Secretary-Treasurer, Antelope Valley-East Kern Water Agency, c/o Corporate Agency Division, Bank of America National Trust and Savings Association, 111 West 7th Street, Los Angeles, California, 90014, with the envelope and bid clearly marked "Proposal for Antelope Valley-East Kern Water Agency 1975 Water Bonds, Series C, General Obligation."

Bid Check: A certified or cashier's check on a responsible bank or trust company in the amount of \$40,000 payable to the order of the Agency must accompany each proposal as a guaranty that the bidder, if successful, will accept and pay for said bonds in accordance with the terms of his bid. The check accompanying any accepted proposal shall be applied on the purchase price, or, if such proposal is accepted but not performed, unless such failure of performance shall be caused by any act or omission of the Agency, shall then be cashed and the proceeds retained by the Agency. The check accompanying each unaccepted proposal will be returned promptly.

Change in Tax Exempt Status: At any time before the bonds are tendered for delivery, the successful bidder may disaffirm and withdraw the proposal if the interest received by private holders from bonds of the same type and character shall be declared to be taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable, or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this notice.

CUSIP Numbers: It is anticipated that CUSIP numbers will be printed on the Series C Bonds, but neither the failure to print such numbers on any Series C Bond nor error with respect thereto shall constitute cause for failure or refusal by the Purchaser to accept delivery of and pay for the Series C Bonds in accordance with the terms of the purchase contract. All expenses of printing CUSIP numbers on the Series C Bonds shall be paid by the Agency, but the CUSIP Service Bureau charge for the assignment of said numbers shall be paid by the Purchaser.

Closing Papers: Legal Opinion: Each proposal will be understood to be conditioned upon the Agency furnishing to the successful bidder, without charge, concurrently with payment for and delivery of the Series C Bonds, the following closing papers, each dated the date of such delivery:

(a) **Legal Opinion** - The opinion of O'Melveny & Myers of Los Angeles, California, Bond Counsel for the Agency, approving the validity of the Series C Bonds and stating that interest on the Series C Bonds is exempt from income taxes of the United States of America under present federal income tax laws, and that such interest is also exempt from personal income taxes of the State of California under present state income tax laws.

A copy of said opinion of O'Melveny & Myers, certified by the facsimile signature of an appropriate officer of the Agency, will be printed on the back of each Series C Bond. No charge will be made to the successful bidder for such printing or certification.

(b) **Arbitrage Certificate** - A certificate of an appropriate officer of the Agency that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Series C Bonds will be used in a manner that would cause the Series C Bonds to be arbitrage bonds.

(c) **Signature and No Litigation Certificate** - A certificate signed by the officers of the Agency who sign the bonds showing that they have signed the Series C Bonds, whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same; and that there is no litigation threatened or pending affecting the validity of the Series C Bonds.

(d) **Treasurer's Receipt** - The receipt of the Treasurer showing that the purchase price of the Series C Bonds, including interest accrued to date of delivery, if any, has been received by the Treasurer for the benefit of the Agency.

(e) **Certificate re Official Statement** - Upon written request of the successful bidder the Agency will deliver to it, at the time of delivery of the Series C Bonds, a certificate of an appropriate officer of the Agency to the effect that at the time of the sale of the Series C Bonds and at all times subsequent thereto up to and including the time of the delivery of the Series C Bonds, the Official Statement relating to the Series C Bonds did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and having attached thereto a copy of the Official Statement.

INFORMATION AVAILABLE: Requests for information concerning the Agency should be addressed to:

Barthe Wells Associates
Municipal Financing Consultants
100 Bush Street
San Francisco, California 94104

GIVEN by order of the Board of Directors of the Antelope Valley-East Kern Water Agency on January 25, 1977.

RUEL G. WILLIAMS
President of the Board of Directors
of Antelope Valley-East Kern
Water Agency

NEW ISSUE:
Sale Date:
February 22, 1977

Antelope Valley-East Kern Water Agency
Los Angeles, Kern, and Ventura Counties, California
\$18,000,000 1975 Water Bonds, Series C

The bonds described in the Official Statement are general obligations of Antelope Valley-East Kern Water Agency, a special agency created by the California legislature in 1959 to distribute water from the State Water Project. Series C bond proceeds will be used to construct feeder pipeline, a reservoir, and a water treatment plant. To secure payment on the bonds, the agency is empowered and is obligated to levy ad valorem taxes annually on all taxable property in the agency, without limitation as to rate or amount, for payment of principal and interest on the bonds.

Bonds dated: March 1, 1977
Denomination: \$5,000
Due: March 1, as shown below:

RATINGS:
Moody's _____
Standard & Poor's _____

Year	Amount	Rate	Yield or Price	Year	Amount	Rate	Yield or Price
1981.....	\$ 700,000	%	%	1989.....	\$1,150,000	%	%
1982.....	800,000			1990.....	1,150,000		
1983.....	900,000			1991.....	1,150,000		
1984.....	950,000			1992.....	1,150,000		
1985.....	1,000,000			1993.....	1,150,000		
1986.....	1,050,000			1994.....	1,150,000		
1987.....	1,100,000			1995.....	1,150,000		
1988.....	1,150,000			1996.....	1,150,000		
				1997.....	1,150,000		

The bonds are coupon bonds, payable to bearer, registrable as to principal only or as to both principal and interest, with provision for deregistration and reregistration. Principal is payable annually beginning March 1, 1981, and interest is payable semiannually beginning March 1, 1978, both at the main office of Bank of America N.T.&S.A., Los Angeles, and at offices of co-paying agents, First National City Bank in New York and Harris Trust & Savings Bank in Chicago.

Bonds maturing on or before March 1, 1987 (bonds numbered 1-1,300) are not callable prior to maturity. Bonds maturing on or after March 1, 1988 (bonds numbered 1,301-3,600) are callable pursuant to the terms stated in the Notice Inviting Bids, including payment of a premium.

The agency is offering these bonds for delivery when, as, and if issued, subject to the legal opinion of O'Melveny & Myers, bond counsel, Los Angeles, approving the validity of the bonds and stating that interest on the bonds is exempt from present federal income taxes and from California personal income taxes under existing statutes, regulations, and court decisions.

Terms and conditions of the offering are fully set forth in the Notice Inviting Bids dated January 25, 1977. Bids will be received on Tuesday, February 22, 1977, in Conference Room A, Bank of America, Corporate Agency Division, 111 West Seventh Street, Los Angeles, up to 2:00 p.m. Pacific Time. Bids will not be accepted at less than par. Following acceptance of a bid, information on the bond coupon rates, reoffering prices, and bond ratings will be imprinted in the spaces provided on this page.

This page supplements the accompanying Official Statement dated January 25, 1977.

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**OFFICIAL STATEMENT OF
ANTELOPE VALLEY-EAST KERN
WATER AGENCY**

Los Angeles, Kern, and Ventura Counties, California

Formed September 9, 1959

554 West Lancaster Boulevard
Lancaster, California 93534

BOARD OF DIRECTORS

Ruel G. Williams, *President*

Carl B. Hunter, Jr.

George M. Lane

Glenn D. Martin

Ralph R. Ritter

Giovanni R. Simi

C. D. Smith, *Vice President*

Wallace G. Spinarski, *General Manager*

PROFESSIONAL SERVICES

Boyle Engineering Corporation, *Consulting Engineers*

O'Melveny & Myers, *Bond Counsel*

The bonds are offered subject to the unqualified approving opinion of Messrs. O'Melveny & Myers, bond counsel, Los Angeles, California, as to the validity of the bonds (see "Legal Opinion").

Bartle Wells Associates, *Financing Consultants*

This Official Statement provides information about the issuer and its bonds. The Official Statement includes:

1. Data supplied by the issuer and by others, as indicated herein;
2. Estimates or projections which may or may not be realized and which should not be construed as assertions of fact; and,
3. Summaries and descriptions of legal and financial documents, or their contents, which do not purport to describe such documents completely and which are made expressly subject to the full provisions of the documents cited.

The Official Statement does not constitute a recommendation, express or implied, to purchase or not to purchase these bonds or any other previous bonds of the issuer.

The date of this Official Statement is January 25, 1977.

Prepared on behalf of the issuer by

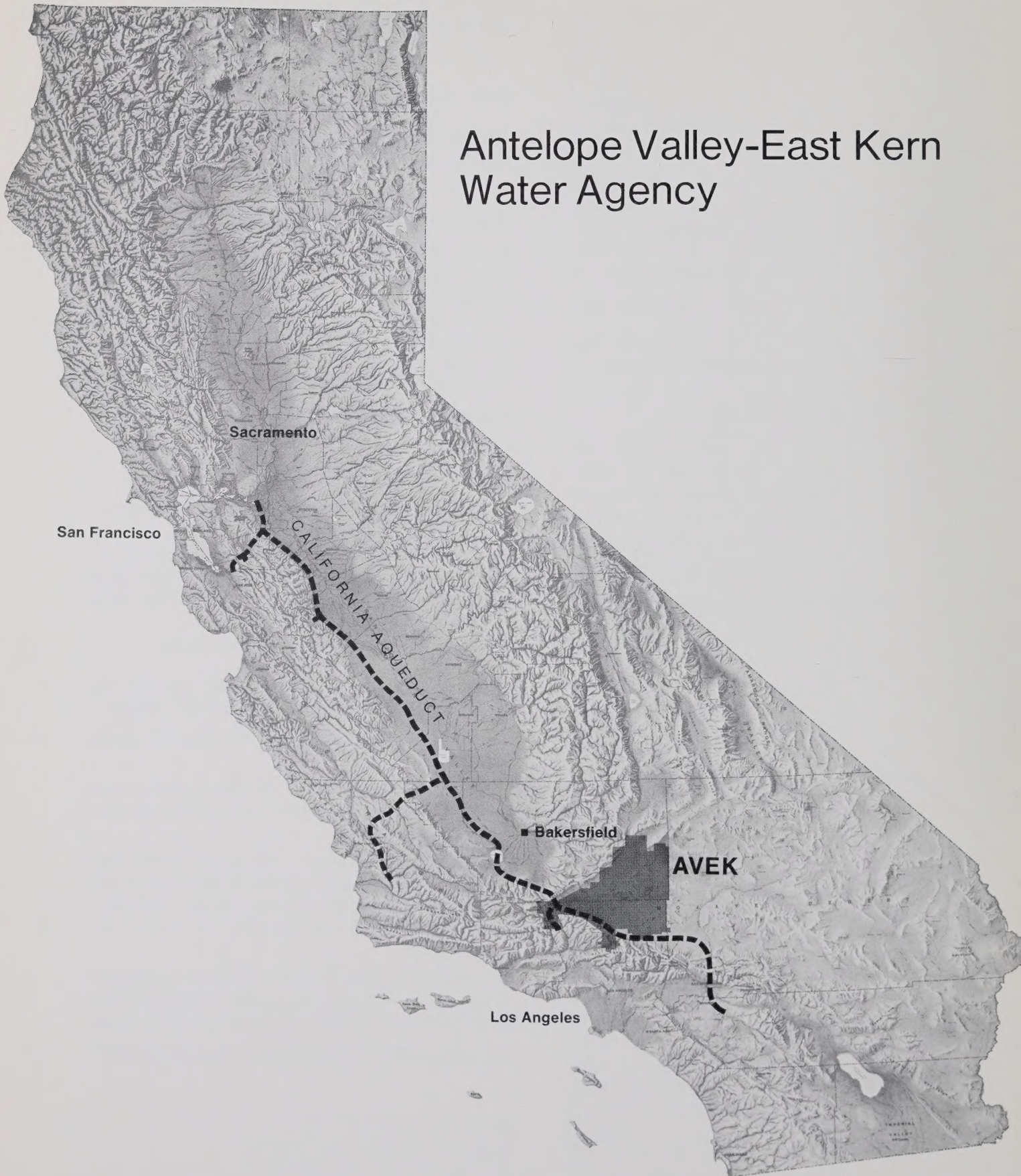
BARTLE WELLS ASSOCIATES

Municipal Financing Consultants

100 Bush Street, San Francisco, California 94104

(415) 981-5751

Antelope Valley-East Kern Water Agency



INTRODUCTION

ISSUER

Antelope Valley-East Kern Water Agency is an agency formed by the California legislature in 1959 to supply local water users with water from the State Water Project. The agency derives its powers from the Antelope Valley-East Kern Water Agency Law, as set forth in Chapter 98-49 ff. of the Water Code (Appendix) of the State of California. The agency serves portions of Los Angeles, Kern, and Ventura Counties.

PURPOSE

The \$18 million of Series C bond funds will be used to construct feeder pipeline, a reservoir, and a water treatment plant. The bonds are the third series to be sold of a \$71 million bond authorization by the voters in 1974. The bonds were authorized to provide funds for a domestic and agricultural water network to distribute water from the State Water Project.

The agency has previously sold \$42 million of general obligation bonds in two series to finance the first stages of the water network. One pipeline is completed and the other facilities are in progress or in the design stage. The entire project is expected to be completed by 1979.

SECURITY

The bonds are general obligations of the agency. The agency has the power and is obligated to the extent water rates are inadequate to levy ad valorem taxes annually on all taxable property in the agency, without limitation as to rate or amount. The agency intends to collect revenues for sale of water, and to apply revenues to agency expenses, including bond service, as detailed in a subsequent section.

LIMITATIONS

Taxes for general administrative purposes are limited by the agency's enabling act to \$0.10 per \$100 of assessed valuation on the taxable property in the agency. The agency now levies a tax of about \$0.01 per \$100 for general administration. Taxes levied for payment of bond service or for any indebtedness arising out of contractual obligations with the federal, state, county, or city governments or political subdivisions thereof, are not subject to the tax rate limitations of California law, as discussed under the section entitled "Financial Data."

CONTRACTUAL OBLIGATIONS

The agency's contractual obligations with the State Department of Water Resources entitle the agency to re-

ceive a specified annual amount of state project water. The agency's 1977 entitlement is 50,000 acre-feet, increasing to a maximum level of 138,400 acre-feet in 1991 through 2035. The agency pays its allocated share of the State Water Project costs for the water it has contracted to receive. An analysis of the agency's costs under the State Water Project contract is presented in the section entitled "The Project."

California is experiencing severe drought conditions which may result in a reduction of state water available to the agency. This contingency is discussed in greater detail on page 11.

ECONOMIC FACTORS

Antelope Valley-East Kern Water Agency comprises 2,383 square miles in three Southern California counties: 994 square miles in Los Angeles County, 1,377 square miles in Kern County, and 12 square miles in Ventura County. The agency's 1976/77 assessed valuation is \$468,467,085. The latest population estimate for the Antelope Valley, as of July 1976, is about 131,050. The agency water system when complete will provide water to about 90 percent of the population in the valley.

Major communities in the Antelope Valley include Lancaster, Palmdale, Quartz Hill, Rosamond, Mojave, Boron, and California City. Mining, manufacturing, agriculture and food processing, chemical processing and manufacturing, and governmental activities provide employment in the valley. U.S. Borax and Chemical Corporation, U.S. Air Force Plant 42, and Edwards Air Force Base are major employers located in the agency.

The proposed Palmdale Intercontinental Airport, designed to meet growth in air traffic demand in the 1980's and 1990's, is being planned by the Los Angeles City Department of Airports. The environmental impact report on the airport, now under review, estimates that if the airport is built, the economic impact, both on property values and jobs in the Antelope Valley may exceed \$1.4 billion. As of November 1976, the airport department had purchased 15,775 acres of land, or about 88 percent of the land that will be needed for the airport. All but 320 acres will be in AVEK. The latest estimate for start of construction is 1982, to be in operation by 1987.

This introduction is not a summary of the Official Statement. Information presented in this section is treated more completely elsewhere in this Official Statement, which should be read in its entirety.

THE BONDS

\$18,000,000 Antelope Valley-East Kern Water Agency
1975 Water Bonds, Series C, general obligation.

Date: March 1, 1977.

Denomination: \$5,000.

Estimated Annual Bond Service:

ANTELOPE VALLEY-EAST KERN WATER AGENCY \$18,000,000 1975 WATER BONDS, SERIES C ESTIMATED ANNUAL BOND SERVICE

Fiscal Year	Principal Maturing March 1	Interest Estimated at 7% *	Total Estimated Bond Service
1976/77.....	\$ —	\$ —	\$ —
1977/78.....	—	1,260,000	1,260,000
1978/79.....	—	1,260,000	1,260,000
1979/80.....	—	1,260,000	1,260,000
1980/81.....	700,000	1,260,000	1,960,000
1981/82.....	800,000	1,211,000	2,011,000
1982/83.....	900,000	1,155,000	2,055,000
1983/84.....	950,000	1,092,000	2,042,000
1984/85.....	1,000,000	1,025,500	2,025,500
1985/86.....	1,050,000	955,500	2,005,500
1986/87.....	1,100,000	882,000	1,982,000
1987/88.....	1,150,000	805,000	1,955,000
1988/89.....	1,150,000	724,500	1,874,500
1989/90.....	1,150,000	644,000	1,794,000
1990/91.....	1,150,000	563,500	1,713,500
1991/92.....	1,150,000	483,000	1,633,000
1992/93.....	1,150,000	402,500	1,552,500
1993/94.....	1,150,000	322,000	1,472,000
1994/95.....	1,150,000	241,500	1,391,500
1995/96.....	1,150,000	161,000	1,311,000
1996/97.....	1,150,000	80,500	1,230,500
	<u>\$18,000,000</u>	<u>\$15,788,500</u>	<u>\$33,788,500</u>

* Bond interest has been estimated at the annual rate shown. Actual coupon rates will be set by competitive bid, and may vary from the annual rate estimated. As a result both interest and bond service may differ from the annual amounts estimated.

Interest: First coupon payable on March 1, 1978, and others payable semiannually on September 1 and March 1.

Redemption: Bonds maturing 1981-1987 (\$6,500,000 principal amount) not callable. Bonds maturing 1988-1997 (\$11,500,000 principal amount) callable as a whole or in part on any interest payment date on or after March 1, 1987, in inverse order of maturity and by lot within each maturity. Premium is $\frac{1}{2}$ of 1 percent for each year or portion of a year from date of redemption to date of maturity, with a maximum of 3 percent.

Registration: Coupon bonds registrable as to principal only or as to both principal and interest, with provision for deregistration and reregistration.

Payment: At the main office of Bank of America N.T. & S.A., Los Angeles, and at principal offices of co-paying agents in New York and Chicago.

Tax Status: In the opinion of bond counsel, interest on the bonds is exempt from present federal income taxes and from California personal income taxes under existing statutes, regulations and court decisions.

Authority for Issuance: \$71 million general obligation bonds were authorized at the general election June 4, 1974. Bonds issued pursuant to the Antelope Valley-East Kern Water Agency Law (Chapter 98-49 ff. of the Appendix to the California Water Code), and the Resolution of Issuance of the agency dated January 25, 1977.

Purpose: Bond proceeds will be used for the third stage of a domestic and agricultural water network to distribute water from the State Water Project. Series C bond funds will be used to construct feeder pipeline, a reservoir, and a water treatment plant.

Security: The bonds are general obligations of the Antelope Valley-East Kern Water Agency. The agency has the power and is obligated, to the extent water rates are inadequate, to levy ad valorem taxes for the payment of principal and interest on the bonds upon all taxable property within the agency without limitation as to rate or amount.

Additional Bonds: \$11 million of bonds will remain authorized but unsold after sale of the Series C bonds. The agency's board of directors does not expect to offer any of the remaining authorized bonds for sale prior to March 1, 1978.

SALE OF THE BONDS

The initial offering of these bonds is made in accordance with the Notice Inviting Bids dated January 25, 1977. Matters discussed in this section are expressly subject to the terms and conditions of said Official Notice, to which reference should be made for further detail.

Legality for Investment: The bonds are legal investments in California for trust funds, commercial banks, trust companies, and funds of insurance companies.

LEGAL OPINION

The unqualified opinion of Messrs. O'Melveny & Myers, Los Angeles, ("bond counsel") approving the validity of the bonds will be supplied free of charge to the purchasers at the time of the original delivery of the bonds. A copy of the legal opinion will be printed on each bond without charge to the successful bidder.

The statements of law and legal conclusions set forth herein under the captions "Interest," "Redemption,"

“Registration,” “Payment,” “Tax Status,” “Authority for Issuance,” and “Security,” have been reviewed by bond counsel. Bond counsel’s employment is limited to a review of the legal proceedings required for the authorization of the bonds, and to rendering opinions as to the validity of the bonds and exemption of interest on the bonds from income taxation. The opinion of bond counsel will not consider or extend to any documents, agreements, representations, offering circulars or other materials of any kind concerning the bonds not mentioned in this paragraph.

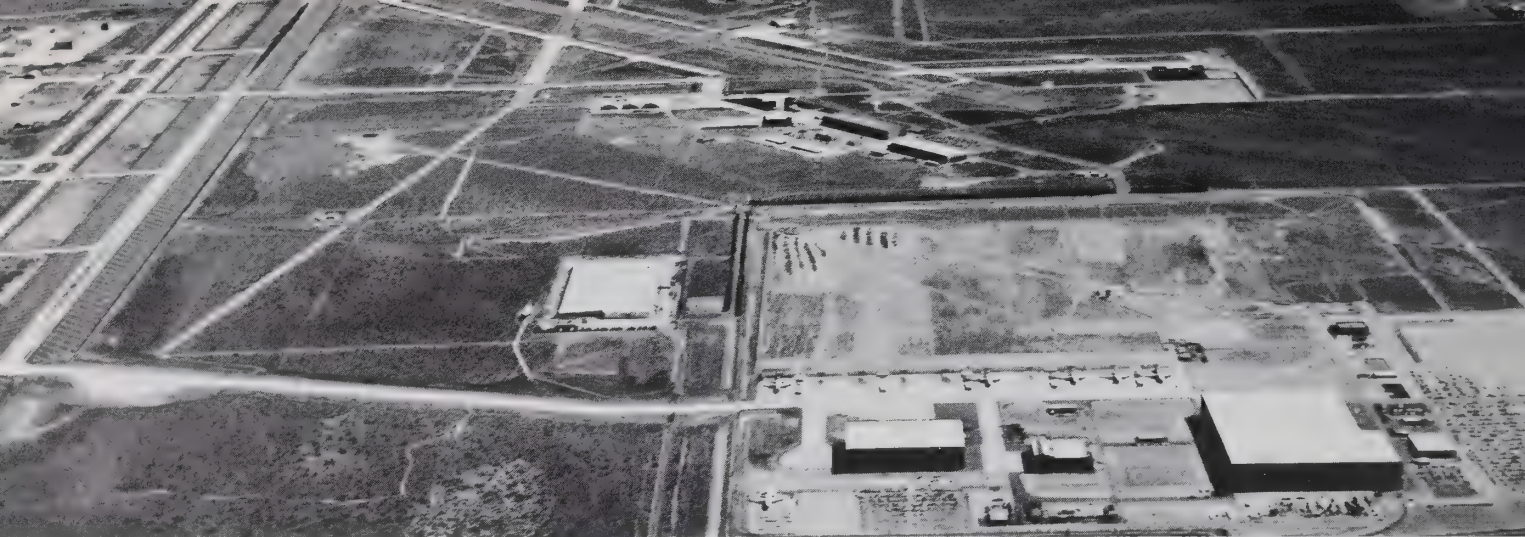
CLOSING DOCUMENTS

At the time of delivery of the bonds to the successful bidder, in addition to customary closing documents, the issuer will furnish the following documents:

- *No Litigation Certificate:* A certificate stating that no litigation is pending or in progress concerning the validity of the bonds.
- *Certificate Concerning Official Statement:* A certificate, signed by a responsible official representing the issuer, to the effect that to the best of his or her knowledge and belief, and after reasonable investigation, at the time of the sale of the Series C bonds and at all times subsequent thereto up to and including the time of delivery of the Series C bonds, the official statement relating to the Series C bonds did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and having attached thereto a copy of the official statement.

The Antelope Valley, as photographed by a NASA satellite, lies about 60 miles north of the Los Angeles Civic Center.





U.S. Air Force Plant 42 houses Antelope Valley's major industrial employers. About 3,400 persons are employed at Plant 42, and an additional 3,200 are employed at the adjacent Lockheed L-1011 assembly plant. (Frank Stubbings photo)

THE AGENCY

Antelope Valley-East Kern Water Agency was formed by the Antelope Valley-East Kern Water Agency Law. Originally the agency comprised 1,400,000 acres in northern Los Angeles and eastern Kern Counties. Through annexations the agency now comprises about 1,525,000 acres, or 2,383 square miles, now including a small portion of Ventura County. About 41.7 percent of the land area is in northern Los Angeles County, 57.8 percent in eastern Kern County, and 0.5 percent in Ventura County.

In the late 1950's, a group of concerned individuals representing all parts of the Antelope Valley formed the Antelope Valley-East Kern Water Basin Association to study needs for the region. This group saw the need for importation of water to prevent further deterioration of the groundwater basin, and to provide for future population growth. In 1959, legislation was introduced to form Antelope Valley-East Kern Water Agency (AVEK).

The agency is governed by seven directors, elected from their respective divisions for staggered four-year terms. The boundaries of the divisions are such that each contains about the same percentage of population. The board's current members are as follows:

Ruel G. Williams: President of the Board of Directors, Mr. Williams, representing Division 2 since 1960, is a 29-year resident of Antelope Valley and a realtor in the community of Rosamond. His current term expires in 1978.

Carl B. Hunter, Jr.: Mr. Hunter, the representative of Division 1, is a cost control supervisor at U.S. Borax in Boron. His term expires in 1978.

George M. Lane: Representing Division 4, Mr. Lane is a third generation resident of Lancaster. He manages commercial property in addition to numerous community activities. His term will expire in 1980.

Glenn D. Martin: Mr. Martin represents Division 6, lives in Lancaster, and is a flight test engineer. He is a 20-year resident of Antelope Valley. His term expires in 1980.

Ralph R. Ritter: Mr. Ritter owns Ritter's Market in Leona Valley, and represents Division 3. He is the 1976/77 president of the Antelope Valley Board of Trade. His term expires in 1978.

Giovanni R. Simi: Mr. Simi, representing Division 7, is a student at Antelope Valley College. His family has been ranching in the Antelope Valley for many years, and Mr. Simi's father, Roy Simi, was formerly a director on the AVEK board. His term expires in 1980.

C. D. Smith: Vice President of the Board of Directors, representing Division 5, Mr. Smith is retired from the Southern California Edison Company and lives in Lancaster. His term will expire in 1978.

Wallace G. Spinarski has been employed as general manager of AVEK since 1966. Mr. Spinarski holds a degree in Mechanical Engineering from North Dakota State University. Prior to joining AVEK in 1962, he was with the Waterworks and Utilities Division of the Los Angeles County Engineer. Mr. Spinarski is also active in the State Water Contractors Audit Committee, is the chairman of the Department of Water Resources Budget Review Committee, and is a member of the board of directors of the California Water Resources Association. He is also on the legislative committee of the Association of California Water Agencies.

Mrs. Betty J. Regan is secretary-treasurer, and Sanford A. Waugh is legal counsel. Mrs. B. J. Swanson has been with the agency since 1961 and is the agency's chief accountant.

During 1976, William A. Schmidt joined the agency staff as a scheduler of water deliveries.

THE PROJECT

THE STATE WATER PROJECT

The California state water project is designed to deliver 4,230,000 acre-feet of water per year from northern California to water-deficient areas in central and southern California. Construction of the project was authorized by the California legislature in 1951. The Burns-Porter Act, enacted by the legislature in 1959, authorized issuance of \$1.75 billion in state general obligation bonds to finance construction of the major portion of the project. The bond issue was approved by the voters in 1960. Tideland oil revenues are also helping to finance the state water project, as well as \$384 million in revenue bonds supported by revenues from electric energy facilities which are part of the project.

The California Aqueduct, the State Water Project's primary transmission facility, flows through the southern portion of AVEK.

THE AVEK PROJECT

Antelope Valley-East Kern Water Agency was formed in September 1959, by an act of the California legislature, to master plan the importation and distribution of water from the State Water Project. The agency executed a contract in 1962 with the DWR for delivery of a maximum annual entitlement of 120,000 acre-feet of water. Amendments to the contract have increased the

maximum annual entitlement to 138,400 acre-feet beginning in 1991.

Since 1965, Boyle Engineering Corporation has worked with the agency to plan for distribution of State Water Project water to AVEK.

AVEK's project is a water network financed in four stages to distribute, treat, and store state water under contract by the agency. The imported water will reduce overdrafts of groundwater and provide a supplemental water supply for present and projected water requirements for municipal, industrial, and agricultural use. The \$71 million bond authorization will finance a distribution, storage, and treatment system to supply imported requirements until about 1985.

After 1985, an additional plan of facilities may be needed and methods of financing will be formulated after the first phase is operational.

ANTELOPE VALLEY-EAST KERN WATER AGENCY SERIES A AND B BOND FUNDS

	Status or Expected Completion Date
Series A bond funds (\$23,000,000)	
Quartz Hill water treatment plant.....	50% complete
South feeder	February 1977
Central feeder Unit 1-A (West feeder Unit 1).....	February 1977
Lake Hughes feeder and pumping station	Complete
Telemetry and control system A.....	In design stage
Agency administration building.....	August 1977
Leona Valley feeder.....	In design stage*
Series B bond funds (\$19,000,000)	
West feeder Unit 2.....	Contract let
Rosamond water treatment plant and reservoirs	Contract let
Central feeder	In design stage
Mojave reservoir (1st phase).....	In design stage
Mojave pump station and feeder.....	In design stage

* Funded from surplus Series A bond funds.

Source: AVEK.

STATUS OF CONSTRUCTION, SERIES A AND B BOND SALES

Facilities financed by Series A bonds included feeders, a water treatment plant, pumping station, telemetry and control equipment, and an agency administration building. Series B bonds provided funds to construct a water treatment plant at Rosamond, a reservoir at Mojave, and the central and west feeders. The accompanying table shows the status of the facilities financed through the sale of these first two series of bonds. According to the engineer, the construction projects are essentially on sched-

ule and within or under original estimates. The map provided by the engineer shows all of the project, including the improvements to be financed with the Series C bonds and the final elements to be financed from the \$11 million of bonds which will remain authorized but unissued following the sale of Series C bonds.

SERIES C PROJECT COSTS

Allocation of Series C bond proceeds is shown in the accompanying table. Major elements are the reservoir at Mojave, the north feeder, and the feeder that extends east to Boron. The feeder to California City, estimated at \$2 million, will be funded from surplus Series B bond funds. The surplus occurred because the construction bid on the Rosamond treatment plant accepted in December 1976 was about \$2 million below the original estimate.

ANTELOPE VALLEY-EAST KERN WATER AGENCY ALLOCATION OF BOND PROCEEDS, SERIES C

	Estimated Project Cost*
Mojave Reservoir (2nd phase).....	\$ 4,300,000
North feeder	9,500,000
Eastside water treatment plant.....	2,000,000
East feeder	2,200,000
Amount of Series C bonds.....	\$18,000,000
California City feeder (funded with surplus Series B bond funds)	2,000,000
Estimated Total Project Costs.....	\$20,000,000*

* Estimated project costs include rights-of-way, legal, financial, engineering, and contingencies, based upon costs in the engineering report dated February 1974.

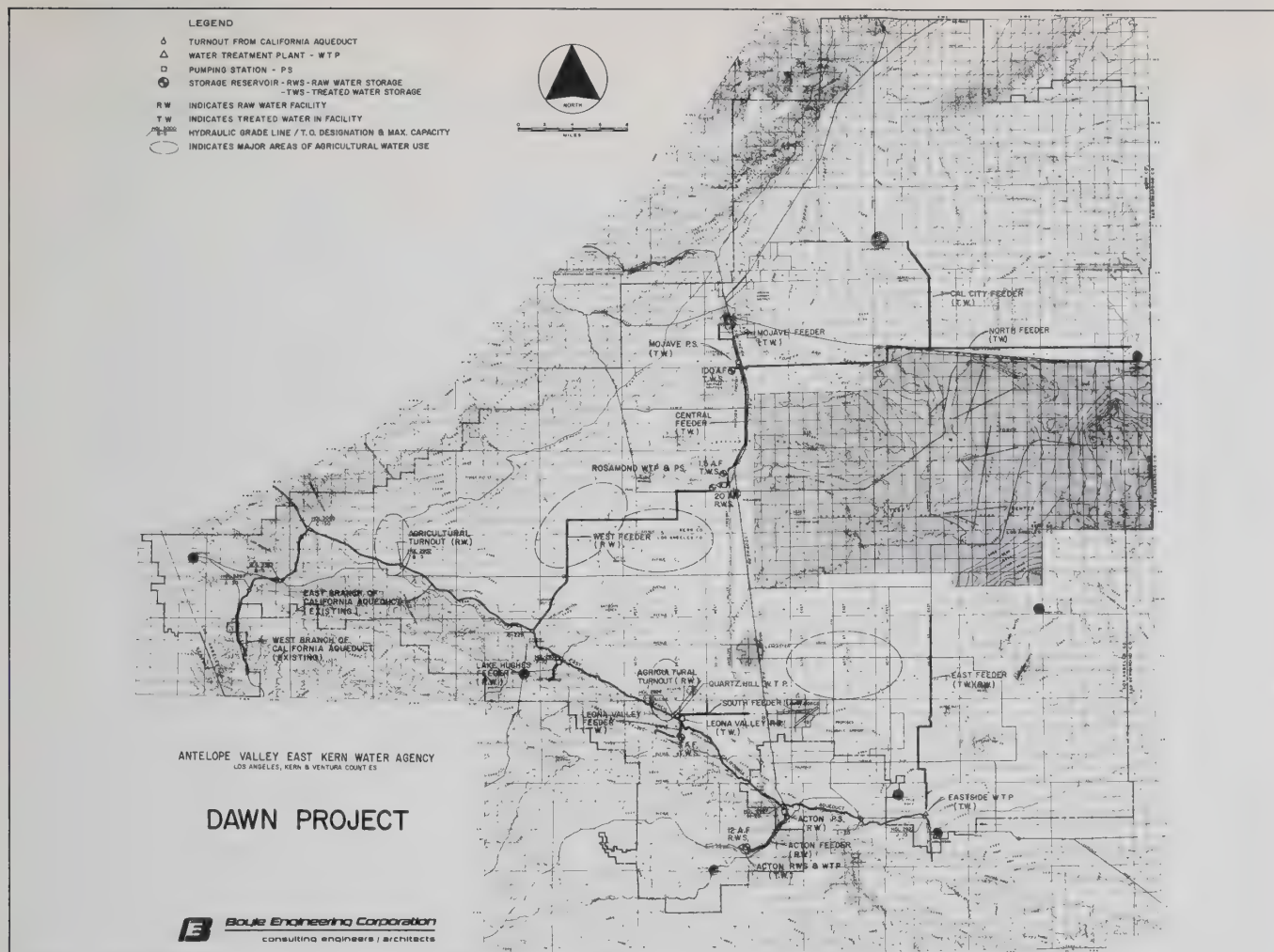
Source: Boyle Engineering Corporation.

SERIES D PROJECT COSTS

Remaining facilities to be constructed include pump stations, a reservoir, and a treatment plant, all in Acton. \$11,000,000 of general obligation bond funds will remain after sale of Series C bonds to finance these facilities. However, the engineer estimates that the facilities may cost about \$5 or \$6 million, depending upon the timing of construction.

AVEK WATER SERVICE AGREEMENTS

The agency has agreements with local water users for two types of water service—water service agreements for municipal and industrial water and some agricultural water, and irrigation water service agreements for agricultural water. Each class of service has a different rate per acre-foot, as shown on page 14.



Water Service Agreements: The agency has 57 agreements for municipal and industrial water. Users include U.S. Borax & Chemical Company, and 17 public or private municipal water systems, including five Los Angeles County Waterworks Districts. Municipal and industrial water is sold either treated or raw.

Irrigation Water Service Agreements: Forty-two agriculturalists have agreed with the agency to use water for irrigation under both the standard Water Service Agreement and a special Irrigation Water Service Agreement. The rate per acre-foot under an irrigation agreement is less than that for either treated or raw municipal and industrial water but, in turn, priority for water availability is less certain. Irrigation water service is only available to the extent that the agency has water surplus to the demands of municipal and industrial users. Agricultural users are served by direct turnouts from the California Aqueduct, or from the agency's west feeder.

The agency expects that irrigation water rates will increase beginning in 1983, due to the anticipated increase in power costs for pumping water through the State Water Project, and that agricultural water deliveries are expected to decrease at that time because of the higher cost. However, in the intervening years, the use of state project water when available will reduce the overdraft on the

valley's groundwater basin. Projected demand for irrigation water exceeds capacity of the west feeder, but does not represent a contractual obligation on the part of the agency to supply that water.

WATER ENTITLEMENT AND DELIVERIES

The water entitlements and projected water deliveries for which the agency has contracted with the state are shown in the accompanying table.

Water deliveries shown in the table were estimated by Boyle Engineering Corporation, based on executed agreements for municipal, industrial, and irrigation water and the project's capacity to deliver water.

California experienced a severe lack of rainfall during the winter of 1975/76. Uncommonly dry conditions have thus far continued into the winter of 1976/77. According to the State Department of Water Resources (DWR), if the drought continues, as an emergency measure water entitlements to state water contractors may have to be cut by a total of an estimated 300,000 acre-feet, the reductions to be allocated among all the contractors' agricultural water users. In such an event, AVEK could lose about 50 percent of its agricultural water, or about 21,600 acre-feet during 1977. The agency's municipal and industrial water would not be cut back. However,

ANTELOPE VALLEY-EAST KERN WATER AGENCY
PROJECTION OF WATER DEMAND (in Acre-Feet)

Customer	1977			1978			1979			1980			1982		
	M&I	Treated	Raw	M&I	Treated	Raw	M&I	Treated	Raw	M&I	Treated	Raw	M&I	Treated	Raw
Boron Comm. Services District.....	—	—	—	378	—	—	630	—	—	630	—	—	640	—	—
Desert Lake Comm. Serv. District...	—	—	—	160	—	—	264	—	—	300	—	—	318	—	—
U.S. Borax & Chemical Corporation...	—	—	—	1,654	—	—	3,598	—	—	3,646	—	—	3,821	—	—
California City	—	—	—	—	—	—	1,550	—	—	2,500	—	—	2,500	—	—
Mojave Public Utility District.....	—	—	—	1,350	—	—	1,470	—	—	1,590	—	—	2,200	—	—
Rosamond Comm. Services District...	—	—	—	140	—	—	270	—	—	275	—	—	350	—	—
Quartz Hill Co. Water District.....	850	—	—	925	—	—	1,010	—	—	1,100	—	—	1,310	—	—
Sunnyside Farms Mutual WC.....	56	—	—	84	—	—	92	—	—	101	—	—	122	—	—
White Fence Farms No. 3															
Mutual WC	82	—	—	150	—	—	170	—	—	185	—	—	210	—	—
Castle Ranch							No Projection Given								
Antelope Valley Water Co.....	52	—	—	86	—	—	86	—	—	86	—	—	86	—	—
Los Angeles Co. WWD No. 4 and 34...	3,594	—	—	5,554	—	—	11,790	—	—	12,030	—	—	12,697	—	—
Los Angeles Co. WWD No. 24, 27															
and 33	—	—	—	—	—	—	471	—	—	479	—	—	635	—	—
Los Angeles Co. WWD No. 35.....	—	—	—	—	—	—	131	—	—	142	—	—	178	—	—
Los Angeles Co. WWD No. 37.....	—	—	—	—	—	—	95	—	—	205	—	—	545	—	—
Los Angeles Co. WWD No. 38.....	—	—	—	—	—	—	459	—	—	461	—	—	471	—	—
Elizabeth Lake Mutual WC.....	—	655	—	—	1,190	—	—	1,320	—	—	1,405	—	—	1,470	—
West Valley Co. Water District.....							Demands After 1982								
Golden Valley Mun. Water District...							Demands After 1982								
Palm Ranch Irrigation District.....	221	—	—	250	—	—	300	—	—	350	—	—	450	—	—
Lockheed Plant 10.....							No Projection Given								
Palmdale Airport Interim Facilities.							No Projection Given								
John Fuson	—	9,576	2,394	—	—	12,910	—	—	11,750	—	—	12,450	—	—	12,750
Harold M. Ross	—	1,400	—	—	1,400	—	—	1,400	—	—	1,400	—	—	1,400	—
Healy Enterprises	—	3,000	—	—	4,650	—	—	5,200	—	—	5,200	—	—	5,200	—
Tejon Ranch Co.....	—	15,575	—	—	15,575	—	—	15,575	—	—	15,575	—	—	15,575	—
S & D Enterprises.....	—	2,700	150	—	—	2,850	—	—	2,850	—	—	2,850	—	—	2,850
Thomas M. Hughes.....	—	5,440	1,280	—	2,240	4,480	—	2,240	4,480	—	2,240	4,480	—	2,240	4,480
Platt Ranch Co.....	—	1,477	—	—	1,492	—	—	1,492	—	—	1,492	—	—	1,492	—
Ralph Bozigian	—	452	1,808	—	—	2,850	—	—	2,850	—	—	2,850	—	—	2,850
Henry H. Hunter	—	1,000	—	—	1,000	—	—	1,000	—	—	1,000	—	—	1,000	—
Tony Cafaro	—	1,440	1,440	—	—	2,880	—	—	2,880	—	—	2,880	—	—	2,880
Jerry Godde	—	—	525	—	—	1,275	—	—	1,275	—	—	1,275	—	—	1,275
Leslie Weaver	—	5	5	—	—	—	—	—	—	—	—	—	—	—	—
Armando Iarassi	—	1,052	1,053	—	—	2,010	—	—	2,010	—	—	2,010	—	—	2,010
D. G. Davis	—	108	252	—	—	1,680	—	—	1,680	—	—	1,680	—	—	1,680
Alesso Farms	—	750	2,500	—	—	3,400	—	—	3,700	—	—	3,750	—	—	3,750
Harold Schnaidt	—	3,850	—	—	3,850	—	—	3,850	—	—	3,850	—	—	3,850	—
Lancaster Ranches, Inc.....	—	3,900	3,900	—	—	7,800	—	—	7,800	—	—	7,800	—	—	7,800
Mera Beery	—	469	469	—	—	3,000	—	—	3,000	—	—	3,000	—	—	3,000
Pierre Biscaichipy	—	304	—	—	1,399	—	—	1,399	—	—	1,399	—	—	1,399	—
Ritter & Godde	—	1,200	2,200	—	—	9,500	—	—	9,500	—	—	9,500	—	—	9,500
F. Godde & L. Godde.....	—	500	1,200	—	—	4,100	—	—	4,100	—	—	4,100	—	—	4,100
Mitchell & Ganning Farms.....	—	208	1,865	—	208	1,865	—	208	1,865	—	208	1,865	—	208	1,865
Stoner Properties	—	—	200	—	—	900	—	—	2,150	—	—	2,700	—	—	2,600
Larsen Ranch	—	10,840	—	—	14,140	—	—	14,640	—	—	14,940	—	—	14,940	—
Silver Shield Dairy Farms.....	—	1,050	1,050	—	1,050	1,050	—	1,050	1,050	—	1,050	1,050	—	1,050	1,050
Eyherabide Sheep Co.....	—	1,030	1,030	—	—	2,200	—	—	2,200	—	—	2,200	—	—	2,200
Wm. M. Heiden	—	1,600	—	—	1,600	—	—	1,600	—	—	1,600	—	—	1,600	—
Leo Adcoch, et. al.	—	1,520	—	—	3,840	—	—	3,840	—	—	3,840	—	—	3,840	—
Tony Cruz	—	—	2,770	—	—	2,720	—	—	2,520	—	—	2,300	—	—	2,300
Winnifred Williams	—	140	—	—	640	—	—	640	—	—	640	—	—	640	—
Domenic Arcuri	—	137	157	—	—	240	—	—	240	—	—	240	—	—	240
Wilmor Farms	—	2,100	—	—	2,100	—	—	2,100	—	—	2,100	—	—	2,100	—
Don S. Wilson.....	—	44	—	—	120	—	—	120	—	—	120	—	—	120	—
Simi Bros.....							No Projection Given								
Great Lakes Properties.....	—	1,400	100	—	—	1,900	—	—	1,900	—	—	1,900	—	—	1,880
Peterson Publishing							No Projection Given								
Frank Lane	—	27	—	—	27	—	—	27	—	—	27	—	—	27	—
Jacob Kimm	—	—	1,610	—	—	1,610	—	—	1,610	—	—	1,610	—	—	1,610
Jack P. Kalpakoff, Jr.....	—	—	2,560	—	—	2,560	—	—	2,560	—	—	2,560	—	—	2,560
Dominique Reca							No Projection Given								
Melvin M. Stueve.....	—	1,310	—	—	2,000	—	—	2,000	—	—	2,000	—	—	2,000	—
S. S. Fabe	—	500	—	—	500	—	—	500	—	—	500	—	—	500	—
G. E. Kinsey	—	50	—	—	50	—	—	50	—	—	50	—	—	50	—

Source: AVEK.

ANTELOPE VALLEY-EAST KERN WATER AGENCY WATER ENTITLEMENT AND PROJECTED DELIVERIES

Fiscal Year	Contract Entitlement (000 Acre-Feet)	Water Deliveries in Acre-Feet			
		Municipal and Industrial		Irrigation	Total
		Treated	Raw	Raw	
1976/77.....	47.00	2,825	39,480	—	42,305
1977/78.....	53.50	9,823	39,170	39,170	88,163
1978/79.....	60.00	16,532	55,377	55,377	127,286
1979/80.....	66.10	20,040	54,254	54,254	128,548
1980/81.....	72.10	21,203	54,096	54,096	129,395
1981/82.....	78.15	22,144	54,142	54,142	130,428
1982/83.....	84.50	23,354	42,977	42,977	109,308
1983/84.....	90.85	24,265	31,717	31,717	87,699
1984/85.....	97.20	25,165	31,267	31,267	87,699
1985/86.....	103.55	26,065	30,817	30,817	87,699
1986/87.....	109.85	26,965	30,367	30,367	87,699

Source: Boyle Engineering Corporation.

DWR has also requested a relaxation of water quality requirements imposed by the State Water Resources Control Board (SWRCB) so that water being released into the Sacramento-San Joaquin River Delta area may be conserved for state water project contractors. SWRCB's reply to this request is expected by February 8, 1977. In addition, DWR is currently negotiating with Metropolitan Water District of Southern California to secure an exchange agreement for available surplus Colorado River water. If Delta water quality requirements are relaxed, if Colorado River water can be obtained, or if there is adequate rainfall in the first half of 1977, curtailment of entitlement deliveries in whole or in part may not be necessary.

AVEK'S CONTRACT WITH THE STATE

The agency's contract with the State Department of Water Resources requires payment of transportation costs and the Delta water charge, based on entitlement, and the variable costs, based on actual water deliveries. Water charges, as established by the agency, will pay for the variable operation, maintenance, power and replacement (OMPR), and Delta water charge components of the agency's contract with the state, as well as pay for the agency's fixed and variable operation, maintenance, power and replacement (OMPR) component of its own distribution system. The accompanying table, entitled "State Contract Expense," shows the agency's estimated expenses under the state water contract.

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ANTELOPE VALLEY-EAST KERN WATER AGENCY STATE CONTRACT EXPENSE

Fiscal Year	Fixed Annual Costs		Delta Water Charge①	Variable OMPR②	Total State Charges
	Capital	OMPR			
1976/77.....	\$1,765,042	\$557,680	\$ 441,800	\$ 517,390	\$ 3,281,912
1977/78.....	1,776,235	564,364	502,900	1,224,584	4,068,083
1978/79.....	1,791,042	573,298	564,000	1,857,102	4,785,442
1979/80.....	1,813,892	572,622	621,340	1,883,228	4,891,082
1980/81.....	1,845,368	577,750	677,740	1,977,170	5,078,028
1981/82.....	1,886,483	583,341	734,610	2,017,721	5,222,155
1982/83.....	1,931,551	636,872	960,053	5,123,266	8,651,742
1983/84.....	1,990,944	687,368	1,197,403	7,037,925	10,913,640
1984/85.....	2,237,034	687,517	1,281,096	7,240,512	11,446,159
1985/86.....	2,690,097	711,392	1,364,789	7,334,351	12,100,629
1986/87.....	2,933,868	733,629	1,447,823	7,407,142	12,522,462

① \$9.80 per acre-foot of entitlement through 1988.

② \$11.84 to \$50.81 per acre-foot of water delivered.

Source: DWR Bulletin 132-76.

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
ESTIMATED AGENCY EXPENSE**

Fiscal Year	Administrative	Treatment and Transmission	Estimated Bond Service*	Total
1976/77.....	\$68,000	\$ 203,190	\$3,097,800	\$3,368,990
1977/78.....	70,000	610,444	4,357,800	5,038,244
1978/79.....	72,000	960,046	5,682,800	6,714,846
1979/80.....	74,000	1,115,757	6,742,800	7,932,557
1980/81.....	76,000	1,221,095	7,614,800	8,911,895
1981/82.....	78,000	1,335,559	8,013,800	9,427,359
1982/83.....	80,000	1,321,679	8,166,800	9,568,479
1983/84.....	82,000	1,290,980	8,239,300	9,612,280
1984/85.....	84,000	1,409,460	8,185,050	9,678,510
1985/86.....	86,000	1,531,540	8,025,600	9,643,140
1986/87.....	88,000	1,657,220	7,827,100	9,572,320

* Series A, \$23,000,000, dated June 1, 1975.

Series B, \$19,000,000, dated February 1, 1976.

Series C, \$18,000,000, dated March 1, 1977.

Series D, \$11,000,000, dated July 1, 1978.

Source: Boyle Engineering Corporation and Bartle Wells Associates.

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ESTIMATED AGENCY EXPENSE

The agency's cost of administration, treatment and distribution were estimated by the agency's consulting engineers, based on estimates of water deliveries, as shown in the accompanying table. The agency bond service obligations are based on actual Series A and B bond service, and estimated Series C and Series D bond sales,

as estimated by Bartle Wells Associates. Bond service is the agency's largest annual expense. Based on these estimates, bond service peaks in 1983/84 and begins to decline until final maturity of Series D bonds in 1997/98. The decline in bond service coincides with the anticipated increases in power costs to the State Water Project because of power contract renegotiation effective in 1983. (See "Future State Cost Increases.")

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
PROJECTED WATER RATES AND REVENUES***

Fiscal Year	Municipal and Industrial			Irrigation		Total Water Revenue
	Rate Per Acre-Foot		Revenue	Rate Per Acre-Foot		
	Treated	Raw		Raw	Revenue	
1976/77.....	\$ 41	\$ 27	\$1,181,785	\$20	\$ —	\$1,181,785
1977/78.....	43	29	1,558,319	21	822,570	2,380,889
1978/79.....	45	30	2,405,250	22	1,218,294	3,623,544
1979/80.....	48	32	2,698,048	23	1,247,842	3,945,890
1980/81.....	51	34	2,920,617	24	1,298,304	4,218,921
1981/82.....	54	36	3,144,888	25	1,353,555	4,498,443
1982/83.....	90	64	4,852,388	54	2,320,758	7,173,146
1983/84.....	120	100	6,083,500	88	2,791,184	8,874,684
1984/85.....	130	104	6,523,218	90	2,814,120	9,337,338
1985/86.....	135	106	6,785,377	92	2,835,348	9,620,725
1986/87.....	140	108	7,054,736	94	2,854,592	9,909,328

* The Metropolitan Water District of Southern California will sell water to its member agencies at the following comparable rates in 1976/77 treated municipal and industrial water, \$81/a.f.; untreated municipal and industrial water, \$68/a.f.; and irrigation (raw) water, \$35/a.f.

Source: Boyle Engineering Corp.

PROJECTED WATER RATES AND REVENUES

The projection of water rates and revenues is based on preliminary rates. The agency's rates are lower than the wholesale water rates charged by the neighboring Metropolitan Water District of Southern California for state project water in 1976/77. The agency's irrigation water pricing policy is to encourage use of state water in lieu of pumping, to protect against depletion of groundwater.

FUTURE STATE COST INCREASES

Two developments in the future may increase the agency's cost of water purchased from the state. One is the Fairmont Buttes Reservoir, and the other is the expected increase in state power costs effective in 1983.

Fairmont Buttes Reservoir, an element of the State Water Project, is an off-aqueduct dam and 21,800 acre-foot storage facility that would provide peaking capacity to AVEK. According to DWR Bulletin 132-76, the project would not be constructed until 1984/85. AVEK's capital cost component to the state will increase upon the state's commencement of design on the reservoir. The agency expects that until this reservoir is operational, the state will provide the necessary peaking capacity directly from the aqueduct at no extra cost.

Electric power costs for the California State Water Project are scheduled for renegotiation in 1978, with the new rates to take effect in 1983. The new rates will depend partly upon the rate of construction of generating facilities, partly upon the type of facilities constructed, and partly upon whether they are to be publicly or privately financed. Although the extent of any change in applicable electric power rates cannot be precisely estimated at this time, electric power costs for the State Water Project are expected to rise substantially in 1983. The overall price which the state water system charges to water wholesaling agencies is determined by a formula based upon amortization of system capital costs, amortization of conservation facilities costs, fixed operating costs, and variable operating costs, the most substantial of which is the cost of electric power.

REVENUES, EXPENSES, AND TAX REQUIREMENTS

The accompanying summary of revenues, expenses, and estimated tax levies is derived from the three prior tables of the state contract expense, agency expense, and projected water revenues. The annual tax levy indicated is the balance of moneys needed to meet annual costs

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ANTELOPE VALLEY-EAST KERN WATER AGENCY

GENERAL OBLIGATION BOND SERVICE REQUIREMENTS, \$71,000,000 1974 AUTHORIZATION

Fiscal Year	Series A (\$23,000,000)	Series B (\$19,000,000)	Series C (\$18,000,000)	Series D (\$11,000,000)	Total Requirements
1976/77.....	\$1,753,000	\$1,344,800	\$ —	\$ —	\$3,097,800
1977/78.....	1,753,000	1,344,800	1,260,000	—	4,357,800
1978/79.....	2,253,000	1,344,800	1,260,000	825,000	5,682,800
1979/80.....	2,713,000	1,944,800	1,260,000	825,000	6,742,800
1980/81.....	2,733,000	2,096,800	1,960,000	825,000	7,614,800
1981/82.....	2,745,000	2,232,800	2,011,000	1,025,000	8,013,800
1982/83.....	2,749,000	2,252,800	2,055,000	1,110,000	8,166,800
1983/84.....	2,745,000	2,214,800	2,042,000	1,237,500	8,239,300
1984/85.....	2,733,000	2,122,800	2,025,500	1,303,750	8,185,050
1985/86.....	2,613,000	2,094,600	2,005,500	1,312,500	8,025,600
1986/87.....	2,508,000	2,019,600	1,982,000	1,317,500	7,827,100
1987/88.....	2,399,250	1,942,800	1,955,000	1,368,750	7,665,800
1988/89.....	2,290,500	1,864,800	1,874,500	1,312,500	7,342,300
1989/90.....	2,179,500	1,784,400	1,794,000	1,256,250	7,014,150
1990/91.....	2,068,500	1,702,800	1,713,500	1,200,000	6,684,800
1991/92.....	1,956,000	1,620,000	1,633,000	1,143,750	6,352,750
1992/93.....	1,842,000	1,536,000	1,552,500	1,087,500	6,018,000
1993/94.....	1,728,000	1,452,200	1,472,000	1,031,250	5,683,450
1994/95.....	1,614,000	1,368,000	1,391,500	975,000	5,348,500
1995/96.....	—	1,284,000	1,311,000	918,750	3,513,750
1996/97.....	—	—	1,230,500	862,500	2,093,000
1997/98.....	—	—	—	806,250	806,250

* Series A and B are actual debt service; series C and D are estimated at 7 percent, and 7½ percent, respectively.

Source: Bartle Wells Associates.

including bond service. The tax rate is estimated based on projected assessed valuation of the agency.

If projections as to water demand, the cost of water, agency operating expenses, debt service, and assessed valuation prove substantially accurate in the years to come, total annual system costs, including bond service,

will be supported about 37 percent on the average by the water revenues. Should the agency decide to make its wholesale water rates equivalent to those charged by the Metropolitan Water District of Southern California, agency revenues would increase substantially, and agency tax rates would decline proportionately.

ANTELOPE VALLEY-EAST KERN WATER AGENCY PROJECTED WATER REVENUES, EXPENSES, AND TAX RATES

Fiscal Year	Total State Contract Expense	Total Agency Expense ^①	Total Annual Expenses	Less: Water Revenues	Estimated Annual Tax Levy	Projected Assessed Valuation (\$000) ^②	Estimated Tax Rate Per \$100 Assessed Valuation
1976/77	\$ 3,281,912	\$3,368,990	\$ 6,650,902	\$1,181,785	\$ 6,618,814 ^③	\$468,467 ^③	\$1.4316 ^③
1977/78	4,068,083	5,038,244	9,106,327	2,380,889	6,725,438	475,500	1.4143
1978/79	4,785,442	6,714,846	11,500,288	3,623,544	7,876,744	482,600	1.6321
1979/80	4,891,082	7,932,557	12,823,639	3,945,890	8,877,749	489,900	1.8122
1980/81	5,078,028	8,911,895	13,989,923	4,218,921	9,771,002	497,200	1.9652
1981/82	5,222,155	9,427,359	14,649,514	4,498,443	10,151,071	504,700	2.0113
1982/83	8,651,742	9,568,479	18,220,221	7,173,146	11,047,075	512,200	2.1568
1983/84	10,913,640	9,612,280	20,525,920	8,874,684	11,651,236	519,900	2.2411
1984/85	11,446,159	9,678,510	21,124,669	9,337,388	11,787,281	527,700	2.2337
1985/86	12,100,629	9,643,140	21,743,769	9,620,725	12,123,044	535,600	2.2635
1986/87	12,522,462	9,574,320	22,096,782	9,909,328	12,187,454	543,700	2.2293

① Includes bond service.

② Assessed valuation projected at 1.5 percent yearly growth.

③ Actual figures.

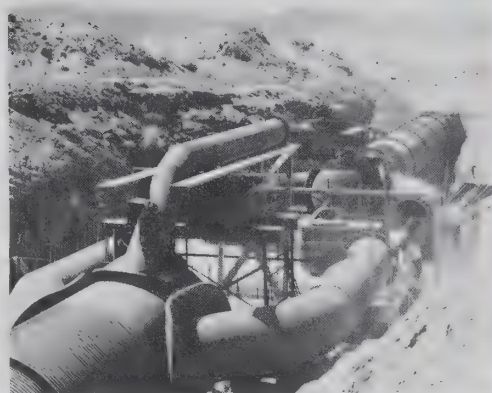
Source: Prepared by Bartle Wells Associates from projections and estimates supplied by Boyle Engineering Corporation. See tables on pages 13 and 14.

Antelope Valley College, accredited by the Western Association of Schools and Colleges, had a fall 1976 enrollment of 6,020 students. (Frank Stubbings photo)

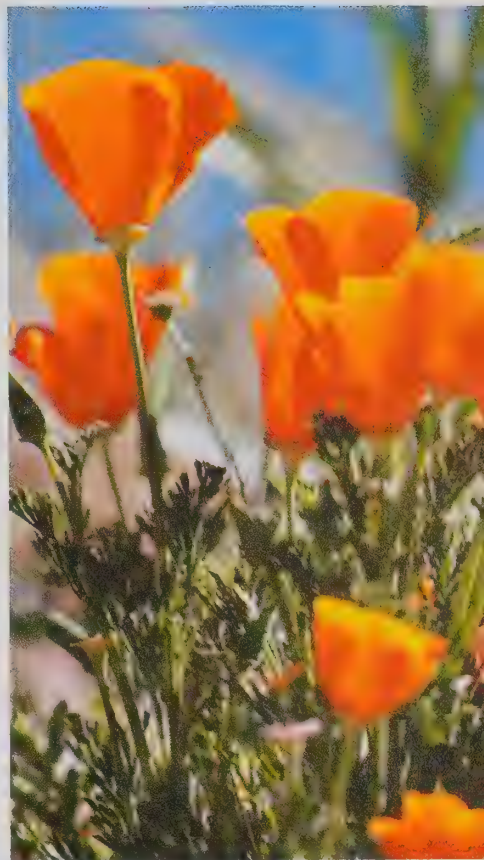




Right: The agency's West Feeder Unit No. 1 is nearly completed. The feeder will extend from the California Aqueduct into Kern County. The pressure-reducing station shown is necessary because of the high elevation of the California Aqueduct.



Below: Workmen seal joints in the reinforced concrete pipe used in the West Feeder Unit No. 1. (Boyle Engineering Corporation photos)

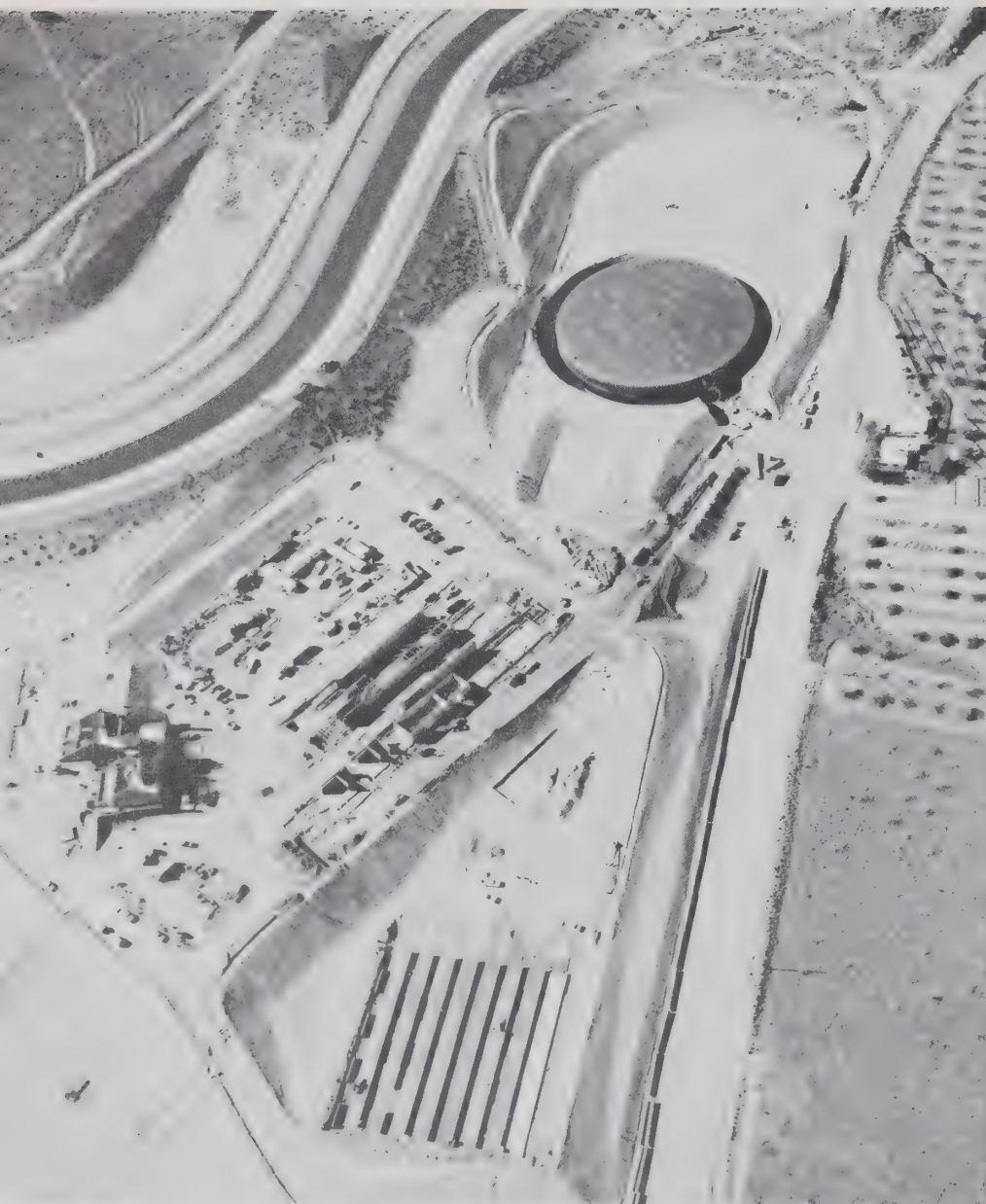






Above: The Lake Hughes feeder, constructed with the proceeds of the agency's Series A bond sale, is now complete. The agency maintains large pumps at some turnouts to lift water from the California Aqueduct. (Frank Stubbings photos)

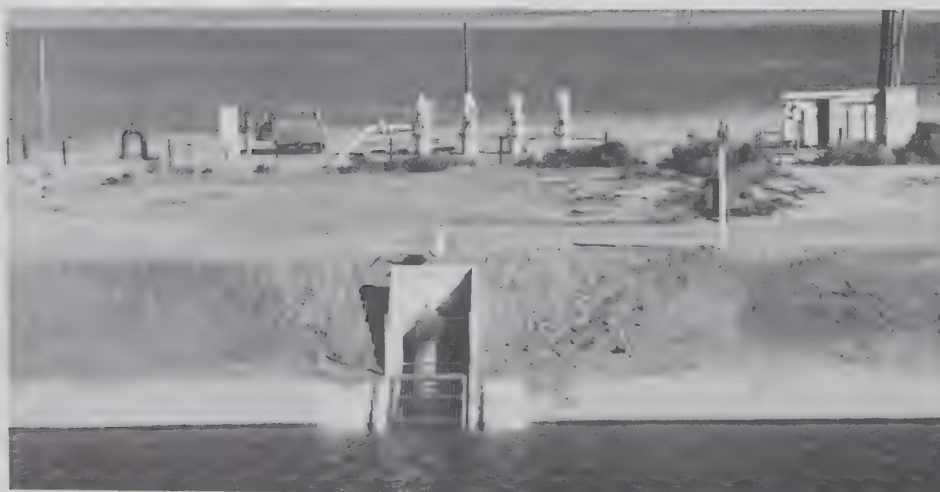
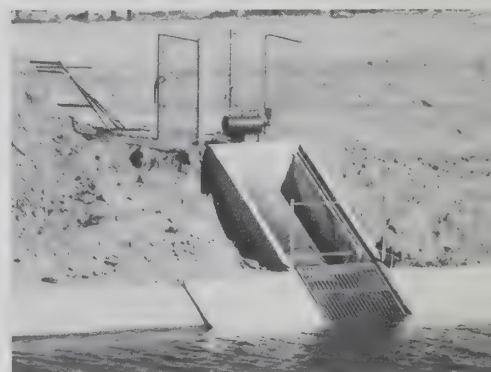
Left: The California State Parks Foundation has designated an area of the Antelope Valley as a wildflower preserve. The preserve is one of the largest remaining areas where the California poppy still blooms in abundance in the spring. (California State Parks Foundation photo)



Left: The Quartz Hill Water Treatment Plant, under construction, will have an initial treatment capacity of about 22 cubic feet per second. The facility will have a storage tank with a capacity of 9.2 million gallons. At the same site, the agency is also constructing a control and administration center equipped with a computerized telemetry system. The water treatment plant and control center are expected to be completed by August 1977. The facilities will deliver water to users in Quartz Hill, Leona Valley, Lancaster, and other communities in the southeast portion of the agency.

Left below: Agricultural water users have constructed turnouts to enable them to take water directly from the California Aqueduct.

Below: The water agency has established rigid standards for all turnouts, and those that will deliver water to community water systems will be linked to the computer at the control center in Quartz Hill.
(Frank Stubbings photos)



FINANCIAL DATA

FINANCIAL STATEMENTS

The agency has three major operating funds—the General Fund, the Capital Projects Fund, and the Debt Service Fund. The revenue and expense history below shows that General Fund tax revenues decreased in 1975/76 for the first time since 1970/71, as revenue from water sales allowed the agency to decrease the General Fund tax rate. The agency expects that revenue from water sales will continue to increase, provided that water is

available, as the agency's water distribution system becomes operable. Allocation from the General Fund are shown as expense items.

The agency established a Debt Service Fund and a Capital Projects Fund in 1975. Detail of revenues and expenses for the two funds for fiscal 1975 and 1976 is shown in the accompanying table.

The agency pays debt service on general obligation bonds out of the Debt Service Fund. The primary source

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ANTELOPE VALLEY-EAST KERN WATER AGENCY REVENUE AND EXPENSE HISTORY, GENERAL FUND

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
REVENUE:						
Taxes ^①	\$1,775,115	\$2,588,165	\$2,672,911	\$2,856,385	\$3,486,853	\$2,896,284
Interest income	21,062	20,830	45,059	83,341	90,603	94,166
Rental and other income	—	200	175	49	—	67
Water sales	—	920	1,427	783	36,179	156,947
Total	\$1,796,177	\$2,610,115	\$2,719,572	\$2,940,558	\$3,613,635	\$3,147,464
EXPENSE:						
Administrative	\$ 119,055	\$ 127,118	\$ 158,313	\$ 164,230	\$ 200,725	\$ 182,091
Transfer to Debt Service Fund	—	—	—	—	44,334	—
Allocations for Capital Items:						
Participation rights in State						
Water Project	\$1,514,732	\$1,816,052	\$2,216,956	\$2,509,534	\$2,520,074	2,624,718
Capital outlay, less contributions	911,028	12,286	—	—	—	—
Survey, investigation, plant and equipment ^②	—	1,060	3,814	21,751	91,203	7,398
Total	\$2,544,815	\$1,956,516	\$2,379,083	\$2,695,515	\$2,856,336	\$2,814,207
NET REVENUE (Loss)	\$ (748,638)	\$ 653,599	\$ 340,489	\$ 245,043	\$ 757,299	\$ 333,257

① Includes annexation charges.

② Includes depreciation and intangible plant expense.

Source: This table has been developed by Bartle Wells Associates from financial reports audited by Wheeler, Knox & Company, Certified Public Accountants, Lancaster. Complete copies of the audited financial reports for the years ending June 30, 1975 and June 30, 1976 are available from the issuer upon request.

of revenue is property taxes. Deficits in both years of the fund's existence are supported by interest income from the Capital Projects Fund. Proceeds of the Series A and B bond sales (\$42 million) are held in the Capital Projects Fund to be disbursed when the water distribution system is completed, probably about 1979.

The agency maintains accounting records for improvement districts in Westaire and Sunshine Ranchos. Assets of the improvement districts have been disposed of, but the agency is servicing bonded indebtedness incurred in both districts.

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
COMPARATIVE STATEMENT OF CHANGES IN
FINANCIAL POSITION
GENERAL, DEBT SERVICE, AND CAPITAL
PROJECTS FUNDS**

	June 30, 1975	June 30, 1976
GENERAL FUND		
Source of Funds		
Operations		
Excess of revenues over expenses	\$ 3,412,910	\$ 2,965,373
Application of Funds		
Transferred to:		
General Fixed Asset Fund ...	\$ 2,611,277	\$ 2,632,116
Debt Service Fund	44,334	—
Increase in working capital ...	757,299	333,257
Total	\$ 3,412,910	\$ 2,965,373
DEBT SERVICE FUND		
Source of Funds		
Operations		
Excess of expenses over revenues	— ①	\$ 285,726
Decrease in General Fund Revenue	—	44,334
Total	—	\$ 330,060
Application of Funds		
Decrease in Working Capital ..	—	\$ (330,060)
CAPITAL PROJECTS FUND		
Source of Funds		
Operations		
Excess of revenues over expenses	\$23,000,000②	\$20,580,404③
Application of Funds		
Increase in working capital ...	\$23,000,000	\$20,580,404

① Fund not yet established.

② \$23,000,000 Series A bonds.

③ \$19,000,000 Series B bonds.

Source: This table has been developed by Bartle Wells Associates from financial reports audited by Wheeler, Knox & Company, Certified Public Accountants, Lancaster. Complete copies of the audited financial reports for the years ending June 30, 1975 and June 30, 1976 are available from the issuer upon request.

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
BALANCE SHEET, GENERAL FUND**

Assets

Cash		
Cash in bank—operating.....	\$ 94,901	\$ 32,467
Cash in bank—time deposits....	2,025,000	2,285,035
Cash on hand.....	100	100
Total	\$2,120,001	\$2,317,602
Accounts, notes, and income receivable		
Engineering charges	\$ —	\$ 21,041
Improvement District No. 3.....	12,480	—
Improvement District No. B.....	33,235	31,505
Interest income receivable.....	19,152	38,030
Water sales receivable.....	32,820	152,180
Miscellaneous	22	3,799
Total	\$ 97,709	\$ 246,555
Taxes receivable—		
Los Angeles County①.....	\$ 453,778	\$ 529,242
Less: Reserve for uncollectable accounts	143,850	42,339
Total	\$ 309,928	\$ 486,903
Taxes approved or in transit (Kern County)②		
	\$ 60,095	\$ 148,603
Taxes approved or in transit (Ventura County)②		
	71	54
Total	\$ 60,166	\$ 148,657
Other resources		
Annexation charges—		
California City	\$ 44,000	\$ 22,000
Less: Deferred credits.....	44,000	22,000
Deferred resources		
Recoverable capital outlay—		
customer turnouts	12,034	12,034
Total Assets	\$2,599,838	\$3,211,751
Liabilities and Fund Balance		
Accounts payable and accrued expenses	\$ 14,803	\$ 11,416
Due to other funds.....	235	11,730
Customer deposits—		
water availability	—	246,835
Customer deposits—design	—	59,640
Customer deposits—water sales....	35,927	—
Total Liabilities	\$ 50,965	\$ 329,621
Fund Balance	2,548,873	2,882,130
Total Liabilities and Fund Balance	\$2,599,838	\$3,211,751

① Taxes uncollected for all years.

② Taxes not remitted in current year but in transit.

Source: This table has been developed by Bartle Wells Associates from financial reports of the issuer audited by Wheeler, Knox & Company. Complete copies of the audited financial reports for the years ending June 30, 1975 and June 30, 1976 are available from the issuer upon request.

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
STATEMENT OF REVENUES, EXPENSES, AND
FUND BALANCE
DEBT SERVICE AND CAPITAL PROJECTS FUNDS**

	June 30, 1975	June 30, 1976
DEBT SERVICE FUND		
Revenue		
Interest income	\$ 121,821	\$ 22,165
Property taxes	—	1,575,332
Transfers from other funds....	—	373,322
Total	\$ 121,821	\$ 1,970,819
Expense		
Interest on bonds.....	\$ 146,083	\$ 2,253,565
Office supplies and travel.....	1,270	—
Fiscal agents fees and safekeeping	—	858
Amortization of financial fees	2,282	2,282
Amortization of bond premium	—	(160)
Total	\$ 149,635	\$ 2,256,545
Excess (deficit) to fund balance	(27,814)	(285,726)
CAPITAL PROJECTS FUND		
Revenue		
Sale of bonds.....	\$23,000,000	\$19,000,000
Interest income (less safekeeping)	—	1,909,392
Contribution to Debt Service Fund	—	(328,988)
Total Revenue	\$23,000,000	\$20,580,404
Total Fund Balance, June 30..	\$23,000,000	\$43,580,404

Source: This table has been developed by Bartle Wells Associates from financial reports audited by Wheeler, Knox & Company, Certified Public Accountants, Lancaster. Complete copies of the audited financial reports for the years ending June 30, 1975 and June 30, 1976 are available from the issuer upon request.

ASSESSED VALUATION

Public utility property in Los Angeles, Kern, and Ventura Counties is assessed by the State Board of Equalization at 25 percent of full market value. All other taxable property is assessed by the county assessor in each county, based on 25 percent of full market value. The table below shows the history of assessed valuation of the agency by county. The decline in assessed valuation after 1972/73 reflects a correction by the respective county assessors of the values previously placed on land in the Antelope Valley. The increase in assessed value between 1971/72 and 1972/73 is due, in part, to the annexation of California City, a planned community of about 2,500 in the northwest corner of the agency.

The State Board of Equalization reports that in 1976/77, Los Angeles County valuations average 27.5 percent of market value, Kern County valuations average 22.1 percent of market value, and Ventura County valuations average 27.3 percent of market value. Valuations in excess of 25 percent may indicate a slower future growth of assessed value and valuations below 25 percent may indicate a faster growth in assessed value. Total assessed valuations shown in the table include homeowners' exemptions and business inventory exemptions on which the state contributes revenue in lieu of property taxes that would otherwise be payable.

The overall growth rate for the agency's assessed valuation since 1968/69 is 6.92 percent, compounded annually. Between 1975/76 and 1976/77, the Kern County portion of the assessed valuation increased by 3.7 percent and the Los Angeles County portion increased 1.2 percent. The Ventura County portion, consisting primarily of undeveloped land, increased by 4.9 percent.

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**ANTELOPE VALLEY-EAST KERN WATER AGENCY
ASSESSED VALUATION, 1968/69 - 1976/77**

Year	Los Angeles County	Kern County	Ventura County	Total Assessed Valuation	AVEK General Tax Rate
1968/69	\$188,911,934	\$ 67,079,190	\$612,050	\$256,603,174	\$0.05116
1969/70	198,853,900	67,951,400	746,500	267,551,800	0.62210
1970/71	240,555,845	89,678,350	699,980	330,934,175	0.50760
1971/72	304,957,837	104,980,950	741,584	410,680,371	0.59770
1972/73	351,255,379	146,551,680	744,964	498,552,023	0.55480
1973/74	325,461,636	134,970,850	692,294	461,124,780	0.63500
1974/75	331,097,115	124,128,210	703,174	455,928,499	0.75960
1975/76	328,840,712	130,031,476	683,724	459,555,912	0.93460
1976/77	332,867,584	134,882,577	716,924	468,467,085	1.43160*

* Includes \$0.8963 for debt service on bonds of 1975, Series A and B.

Sources: County assessors' offices, AVEK Audit Reports.

TAX RATES AND LIMITATIONS

The tax rate of \$1.4316 per \$100 of assessed valuation being levied in the current fiscal year meets the agency's obligations under its contract with DWR and necessary developmental and bond interest costs pertaining to the current project; \$0.0101 per \$100 assessed valuation is the portion of the current levy applied to administrative purposes. Detail of the agency's tax rate is shown below. The agency's enabling legislation limits it to a \$0.10 per \$100 of assessed valuation tax rate for administrative purposes.

In 1972 and 1973 the California legislature passed legislation to stabilize increases in ad valorem property taxes. The legislation generally limits tax rates to that which an agency levied in 1972/73. However, tax rate increases may be authorized by a majority of the voters, or automatically stepped annually, based on a combination of growth in population and the California Price Index as computed by state agencies. Tax rates and levies for general obligation bonds are not restricted. Under the automatic step increase allowed by law, the agency could levy a tax rate of \$0.1602 in 1976/77 for administrative purposes. Tax rates and levies to meet general obligation bonds are not limited, nor are contractual obligations entered into prior to January 1, 1973, including the agency's water supply contract with the State of California.

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ANTELOPE VALLEY-EAST KERN WATER AGENCY SUMMARY OF 1976/77 TAX RATE

Contracts	\$0.5252
Administration	0.0101
Bond service8963
	<u>\$1.4316</u>

Additional taxes levied in limited areas:

California City	\$0.0717
Improvement District No. 3	1.6194
Improvement District No. B5000

Source: Antelope Valley-East Kern Water Agency.

TAX COLLECTIONS AND DELINQUENCIES

Agency taxes are billed and collected by each county tax collector together with county, school, and other special district taxes. Valuations are established annually as of March 1, and taxes are levied in the first week of September. Property taxes are collected in two equal installments becoming delinquent December 10 and May 10.

The delinquency penalty is 6 percent, and an additional interest charge of 1 percent per month for the first

year, and ½ of 1 percent per month thereafter is charged. Delinquent property is sold to the state at the end of the fiscal year. Property owners may redeem within five years on payment of delinquencies, penalties, and interest, or may elect to pay in installments under a five-year redemption plan.

Every year the agency budgets for tax delinquency based on past experience. The agency's General Fund budget for 1976/77 contains \$300,000 as an expense

ANTELOPE VALLEY-EAST KERN WATER AGENCY 1976/77 BUDGET, GENERAL FUND

Revenue

Water sales	
Irrigation	\$1,210,000
Wholesale	165,000
Subtotal	<u>\$1,375,000</u>
Connection deposits	\$ 410,000
Interest	100,000
Taxes and assessments	
Redemptions	\$ 15,000
Annexation fees	22,000
Unsecured taxes	85,200
Secured taxes	2,427,980
Subtotal	<u>\$2,550,180</u>
Surplus and reserves	\$2,988,695
Other	1,700
Total Revenue	<u>\$7,425,575</u>

Expense

Capital outlay	
Intangible plant and land	\$ 25,000
State Water Project	2,780,650
Customer connections	470,000
General plant	39,600
Depreciation	3,700
Subtotal	<u>\$3,318,950</u>
Operating expense	
Variable OMPR—State Water Project	\$ 860,000
Pumping	32,000
Water treatment	40,000
Transportation and distribution	31,000
Customer accounts	43,000
Administration and general	256,200
Subtotal	<u>\$1,262,200</u>
Reserve	\$2,544,425
Nonoperating expense	300,000
Total Expense	<u>\$7,425,575</u>

Source: This table has been developed by Bartle Wells Associates from information provided by the issuer. A complete copy of the budget for fiscal year 1976/77 for all funds is available from the issuer upon request.

item for delinquent taxes, or about 12 percent of the budgeted tax levy required. In the 1976/77 budget for the Debt Service Fund, is an allowance of \$400,000 against tax delinquency, or about 10 percent of the tax levy. As shown in the table, last year's actual tax delinquency between the three counties was 8.20 percent.

The accompanying table shows the secured tax levies and delinquencies by fiscal year and by county for the past six years.

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
SECURED TAX LEVIES, COLLECTIONS AND
DELINQUENCIES**

Fiscal Year	Secured Tax Levy	Amount Delinquent June 30	Percent Delinquent June 30
1970/71			
Los Angeles.....	\$1,134,915	\$ 55,614	4.90%
Kern	570,904	35,383	6.20
Ventura	1,612	95	5.89
Total	<u>\$1,707,431</u>	<u>\$ 91,092</u>	5.34
1971/72			
Los Angeles.....	\$1,707,829	\$110,749	6.48
Kern	807,063	66,127	8.19
Ventura	2,248	163	7.25
Total	<u>\$2,517,140</u>	<u>\$177,039</u>	7.03
1972/73			
Los Angeles.....	\$1,826,466	\$116,860	6.40
Kern	808,892	79,706	9.85
Ventura	2,139	163	7.62
Total	<u>\$2,637,497</u>	<u>\$196,729</u>	7.46
1973/74			
Los Angeles.....	\$1,818,593	\$112,829	6.20
Kern	826,153	107,444	13.01
Ventura	2,409	85	3.53
Total	<u>\$2,647,155</u>	<u>\$220,358</u>	8.32
1974/75			
Los Angeles.....	\$2,190,488	\$225,057	10.27
Kern	929,223	143,053	15.39
Ventura	2,896	23	0.79
Total	<u>\$3,122,607</u>	<u>\$368,133</u>	11.79
1975/76			
Los Angeles.....	\$2,657,473	\$203,198	7.65
Kern	1,165,576	110,798	9.51
Ventura	6,375	49	0.77
Total	<u>\$3,829,424</u>	<u>\$314,045</u>	8.20

Source: Los Angeles, Kern, and Ventura county assessors' offices.

Los Angeles County: The Los Angeles County portion of the agency contains about 70 percent of the agency's assessed valuation. The latest tax delinquency figures as of June 30, 1976, show that \$203,198 of secured taxes were delinquent on the 1975/76 secured tax levy, or 7.65 percent. This percentage is down from 10.27 percent in 1974/75.

In July 1975, Los Angeles County deeded 1,541 parcels to the state for 1969/70 to 1974/75 taxes still delinquent as of June 30, 1975. By November 1, 1976, when the county prepared a list of parcels to be auctioned, owners had redeemed 349 of those parcels, leaving a total of 1,192 parcels. The county tax collector's office anticipates that with last minute redemptions and acquisition for public use, about 750-800 parcels will actually be sold at the public auction to be held February 7-10, 1977. Prior to July 1, 1975, parcels could be redeemed under the installment plan, whereby current taxes plus 20 percent of delinquent taxes are paid over a five-year period. After the delinquent parcels were deeded to the state, they can only be redeemed by paying the full amount of taxes due.

Under the Revenue and Taxation Code, the agency may acquire title to any of the tax-deeded parcels that lie within its boundaries, if the property is needed for public use. The agency may purchase these parcels prior to the auction, for costs determined by the potential use and size of the property, plus county fees.

Of the 1,192 parcels in all of Los Angeles County on the November 1 list, 156 parcels or 13 percent of all parcels are in AVEK, although AVEK actually covers more than 24 percent of Los Angeles County. Three parcels contain improvements. All but 17 are delinquent from the 1969/70 tax year. Taxes delinquent from that year amount to \$22,460, or 1.9 percent of the agency's 1969/70 tax levy in Los Angeles County.

AVEK will receive revenues from the public auction from the county. The amount will depend on sales prices received. Sales prices of parcels at the public auction vary with the desirability of the parcels. Minimum bid on any parcel is \$20. According to the county tax collector's office, most parcels sell for between half and full market value, though some parcels sell for more than market value. After the auction, the county takes its fees and publication costs from the proceeds, and the balance is distributed to taxing agencies in the county.

Kern County: Kern County's portion of the agency's 1976/77 assessed valuation is about 29 percent. The 1975/76 tax delinquency on the secured roll is 9.51 percent, versus 15.39 percent in 1974/75. The reduction was due in part because a major taxpayer, Great Western Cities, paid \$783,868.84 in 1976 to Kern County on tax delinquent parcels, many of which lie within AVEK. The agency's overall secured tax delinquency for 1975/76 is 8.20 percent.

TAX RATES

The following table shows 1976/77 tax rates in six geographically diverse tax code areas in the agency. Taxes for California City, not shown, include an additional annexation charge of \$0.0717 per \$100 of assessed valuation, by which property owners in California City pay off the tax levies paid by the balance of agency taxpayers prior to California City's annexation. Portions of the City of Palmdale, and the unincorporated area surrounding it, are outside the agency. The tax code area shown is within the agency.

PENSION OBLIGATIONS, EMPLOYEE RELATIONS

At the present time, the agency has no employee benefit plan, other than Social Security. The board of direc-

tors is studying a number of plans to provide pension benefits for agency employees, and expects to adopt a plan in the near future.

The agency has 4 full-time employees at the present time, and plans to add 20 employees during 1977/78.

INSURANCE

The agency's insurance includes workman's compensation coverage under the State Compensation Insurance Fund, officer's accident travel under the Traveler's Insurance Corporation, and \$1 million in comprehensive general liability under Traveler's Insurance Corporation. In addition, the agency has excess coverage insurance of \$1 million with Reserve Insurance Company.

ANTELOPE VALLEY-EAST KERN WATER AGENCY TOTAL TAX RATES PER \$100 ASSESSED VALUATION IN REPRESENTATIVE AREAS, 1976/77

Tax Code Area	Los Angeles County		Ventura County (unincorporated)
	Lancaster 4831	Palmdale (unincorporated) 7072	62024
County	\$ 4.4576	\$ 4.4576	\$ 2.7387
Schools	6.2306	6.7981	5.3945
Flood control	—	—	0.2859
Hospital	0.0361	0.0361	—
Roads	0.0648	0.0648	—
Fire	0.7865	—	0.8102
Library	0.2594	0.2594	0.1846
Antelope Valley-East Kern Water Agency	1.4316	1.4316	1.4316
County waterworks district	0.3010	0.5190	—
Lighting	0.4380	—	—
Other	0.6804	0.5520	—
Total	\$14.6860	\$14.1186	\$10.8455
Land only and L&I rates	—	—	\$ 0.0743

Tax Code Area	Kern County		East Kern County (unincorporated)
	Mojave 94-016	Boron 98-007	119-004
County	\$ 2.8918	\$ 2.8918	\$ 2.8918
Public utility district	—	2.1000	—
Schools and special education	5.6755	5.6722	6.7991
Antelope Valley-East Kern Water Agency	1.4316	1.4316	1.4316
Fire	0.6659	0.6659	0.6659
Other	0.2000	—	0.0248
Total	\$10.8648	\$12.7615	\$11.8132
Land only and L&I rates	\$ 0.0215	\$ 0.0215	\$ 0.0093

Source: County tax collectors.

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
LARGEST TAXPAYERS, 1976/77**

	1976/77 Assessed Valuation
U.S. Borax and Chemical Corporation.....	\$30,823,291
Southern California Edison*.....	20,996,280
Lockheed Aircraft Co.....	20,414,510
Pacific Telephone and Telegraph Company*...	10,642,370
General Telephone*	4,431,000
Southern Pacific Transportation Company*...	2,029,270
Southern California Gas Co.....	1,864,370

* Estimate of Los Angeles County valuations plus actual Kern County valuations. Estimates do not include Ventura County valuations.

Sources: Kern County Assessor's Office; Los Angeles County Assessor's Office; State Board of Equalization.

LARGEST TAXPAYERS

With the assistance of the Assessor's Office in both Kern and Los Angeles Counties, and the State Board of Equalization, the agency's largest taxpayers have been identified. About 10 percent of the agency's assessed valuation is public utility property.

DIRECT AND OVERLAPPING DEBT

The accompanying statement of direct and overlapping debt shows the debt of the agency and the entities which it overlaps. The assets and liabilities of other entities within the agency's boundaries are not related to the agency's own responsibilities, but do represent demands on taxpayers of the agency.

Two improvement districts in the agency have general obligation bonds outstanding of \$33,000 and \$28,000. Bond service is paid by taxes levied within the improvement districts. 1976/77 bond service on the two issues combined is \$9,864.

**ANTELOPE VALLEY-EAST KERN WATER AGENCY
DIRECT AND OVERLAPPING BONDED DEBT**

	Percent Applicable	Debt February 22, 1977
Los Angeles County and Authorities.....	1.171%	\$ 2,531,690 ^①
Antelope Valley-East Kern Water Agency.....	100.	60,000,000 ^②
Antelope Valley Hospital District Authority.....	80.648	7,742,208
Antelope Valley Community College District.....	78.859	2,299,646
Antelope Valley Unified High School District.....	77.665	4,064,870
Lancaster School District.....	100.	944,000
Palmdale School District.....	42.239	682,582
Westside Unified School District.....	96.982	2,667,005
Other School Districts.....	Various	759,967
Water Districts	100.	3,128,000
Sanitation Districts Nos. 14 and 20.....	100. & 13.	1,526,200
Rosamond Community Service District.....	100.	975,000
City of Palmdale Authority.....	100.	2,650,000
City of California City, Community Services District, and 1915 Act Bonds.....	100.	5,485,884
Other Districts	Various	307,888
Total Direct and Overlapping Bonded Debt.....		\$95,764,940

	1976/77 Assessed Valuation	Ratios to: Estimated Market Value	Per Capita
Direct Debt	12.81%	3.28%	\$508.71
Total Debt	20.44	5.24	811.95

Share of Authorized and Unsold Bonds:

AVEK Water Agency.....	\$11,000,000	Los Angeles County Sanitation District No. 20....	\$111,800
AVEK Water Agency, Improvement Districts...	20,000	Los Angeles County Water Works District No. 4. . .	287,000
Palmdale School District.....	671,600	Los Angeles County Water Works District No. 39..	235,000
Soledad-Agua Dulce School District.....	22,027		

① Including \$18,000,000 to be sold February 22, 1977.

② Excludes share of \$238,113,959 Los Angeles County lease-purchase obligations (\$2,788,314).

Source: Compiled in cooperation with California Municipal Statistics, Inc.

THE REGION AND ITS ECONOMY

Antelope Valley is a triangular-shaped high desert plain covering over 3,000 square miles, 2,383 square miles of which comprise AVEK. The valley traverses three California counties: north Los Angeles County, east Kern County, and northeast Ventura County. The valley is located in an area bordered by the El Paso Mountains to the north and by the Sierra Nevada and Tehachapi Mountain ranges to the northwest. The San Gabriel Mountains form the area's southern boundary and the San Bernardino County line is its eastern boundary.

The valley is located approximately 31 air miles and 61 freeway miles from the city of Los Angeles Civic Center. A network of highways, railways and air service connect communities in the Antelope Valley to Los Angeles, Bakersfield, San Bernardino and to other major cities in California and the United States.

The Antelope Valley was established as an agricultural community in the late 1880's, when alfalfa was successfully produced by irrigated farming. Agriculture continues to be an important segment of the economy. Mining, manufacturing, military and government employment have increased in importance as the economy continues to diversify. U.S. Borax and Chemical Corporation, the world's largest supplier of borates, is located in the northeastern portion of the valley. Aircraft manufacturing is the dominant manufacturing industry, with major aircraft companies located at Air Force Plant 42 in Palmdale. Electronic components, fabricated metals, garments, concrete and animal feed are also manufactured in Antelope Valley. Edwards Air Force Base, one of the nation's largest Air Force installations, is located in central Antelope Valley and is one of the area's largest employers.

ANTELOPE VALLEY-EAST KERN WATER AGENCY DESCRIPTION OF AGENCY

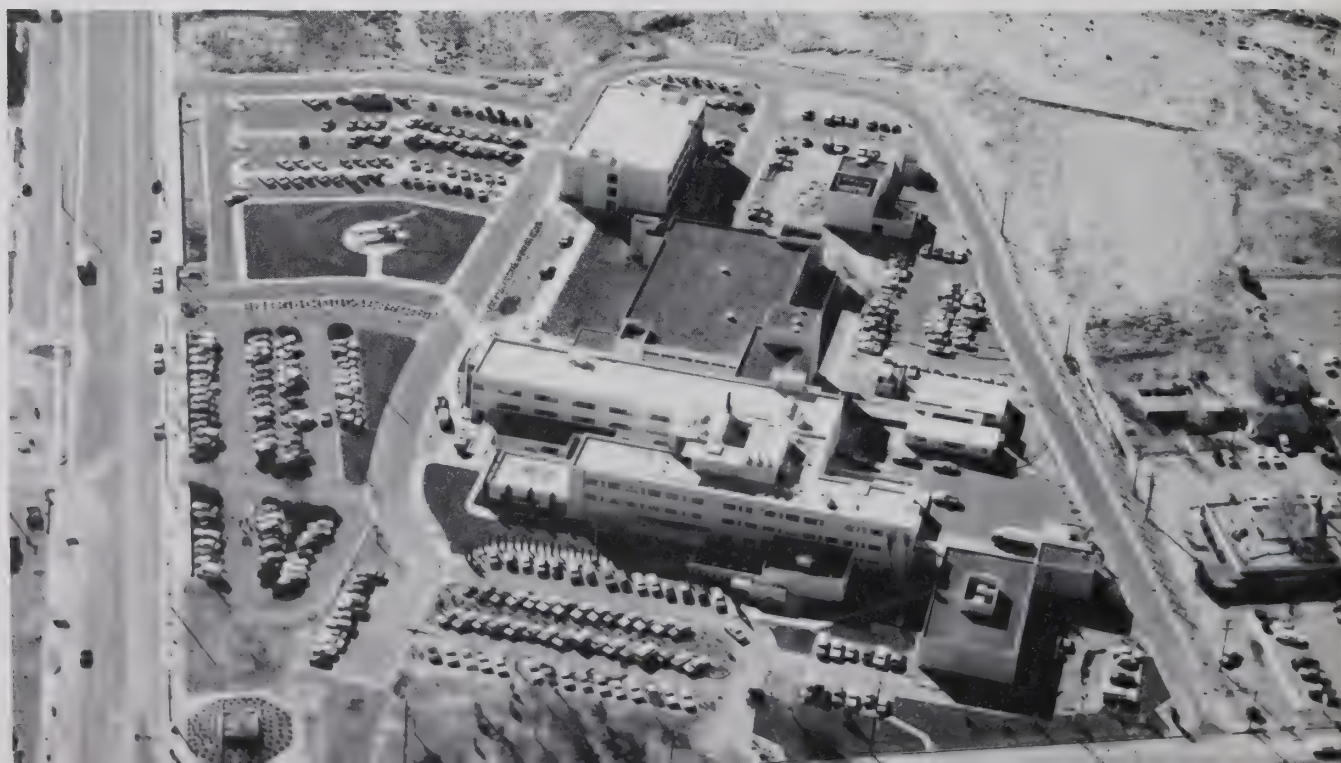
	Los Angeles County		Kern County		Ventura County		Total
	Number	Percent	Number	Percent	Number	Percent	
Area (square miles).....	994	41.7%	1,377	57.8%	12	0.5%	2,383
1976 Population ^①	104,970	80.3%	26,080	19.7%	0	—	131,050
1976/77 Assessed Valuation ^② ...	\$332.9	71.0%	\$134.9	28.8%	\$0.7	0.2%	\$468.5

① Population of the Antelope Valley.

② In millions of dollars.

Sources: Boyle Engineering Corporation; Kern, Los Angeles and Ventura County Assessors.

Antelope Valley Hospital is the largest hospital in the region. (*Frank Stubbings photo*)



Principal urban communities in the Antelope Valley include Lancaster, which serves as the valley's government, economic, commercial and cultural center, and the City of Palmdale. Also within Los Angeles County other major communities include the following: Acton, Quartz Hill, Gorman, Pearblossom, and Littlerock. In Kern County the major communities are Mojave, Rosamond, Boron, Edwards, and California City.

Both the City of Palmdale and the community of Littlerock, located in the Antelope Valley, are outside AVEK's boundaries. They are served by their own water and irrigation districts.

ANTELOPE VALLEY POPULATION GROWTH

Year	Los Angeles County Portion	East Kern County Portion	Total
1940	10,734	3,971	14,705
1950	20,270	8,635	28,905
1960	68,170	18,709	86,879
1970	83,540	23,646	107,186
1976 (est.)	104,970	26,080	131,050

Source: Los Angeles County Department of Regional Planning and Kern County Planning Department.

CLIMATE

Antelope Valley has a high desert climate. In the northern portion of the valley rainfall averages about 5 inches of rain per year, and in the southern portion, around Lancaster and Palmdale, rainfall averages about 8 inches per year.

According to the U.S. Weather Bureau, temperatures during the summer months range from an average minimum of 65° to an average maximum of 99°. In winter, minimum temperatures average 31° with an average maximum of 58°. The moderate climate has been a factor in stimulating agricultural production and contributes to the Antelope Valley's attractiveness to industry.

POPULATION GROWTH

The Antelope Valley was at one time one of the fastest growing areas in California. In response to the establishment of the aviation industry, the area experienced its greatest growth period during 1940-1960. From a 1940 population of 14,705, the population doubled to 28,905 in 1950, and then tripled to about 87,000 in 1960. Population growth since 1970 has slowed from previous decades. Growth of population since 1940 is shown at left.

EMPLOYMENT

Employment trends for Antelope Valley are shown in the following table.

LANCASTER COMMUNITY EMPLOYMENT BY INDUSTRY 1960-1975 (Annual Averages)

Industry	1960①	1965①	1970②	1975②
Agriculture, forestry and fisheries.....	350	400	1,700	1,700
Mining	—	—	—	1,500
Contract construction	850	800	2,900	2,100
Manufacturing	3,100	2,300	5,000	10,200
Durable goods	n.a.	1,750	n.a.	n.a.
Non-durable goods	n.a.	550	n.a.	n.a.
Transportation, communications and utilities.....	550	800	900	1,300
Trade, wholesale and retail	3,200	3,300	4,000	6,480
Wholesale trade.....	n.a.	200	n.a.	n.a.
Retail trade.....	n.a.	3,100	n.a.	n.a.
Finance, insurance and real estate.....	300	400	1,000	3,900
Services	1,300	2,000	5,300	6,350
Government	2,250	3,500	5,500	10,470
Military	n.a.	n.a.	n.a.	650
Total.....	11,900	13,500	26,300	44,650

① Includes Lancaster, Palmdale and Quartz Hill portion of the Antelope Valley.

② Includes Antelope Valley and Indian Wells Valley.

Sources: "Community Economic Profiles", Department of Human Resources, Naval Weapons Center, Antelope Valley Board of Trade and "Community Labor Market Bulletins," Department of Employment, State of California.

Between 1970 and 1975, employment increased by 18,350 persons, or 70 percent. Government and manufacturing are the largest employment categories, accounting for 23 and 22 percent of the total employed, respectively.

According to the Employment Development Department in Los Angeles, unemployment figures for Lancaster-Palmdale are based upon 1970 census information. On that basis, all of Los Angeles County had an unadjusted unemployment rate of 8.6 percent, in December 1976, and Lancaster-Palmdale had a rate of 8.7 percent.

MANUFACTURING

Manufacturing is the largest segment of employment. Aircraft and aerospace production is Antelope Valley's principal industry.

Air Force Plant 42. U.S. Air Force Plant 42, located between Palmdale and Lancaster, is a 6,000-acre assembly and test center of military aircraft. Antelope Valley's major industrial employers are aerospace manufacturers serving under government contract at Plant 42. They include Lockheed, Rockwell International, Northrop and McDonnell-Douglas. A division of Rockwell International received the \$5.2 billion NASA Space Shuttle Orbiter contract and another division is now assembling the B-1 bomber.

The facilities at Plant 42 are owned by the federal government and leased to government contractors. Lockheed-California's L-1011 Tri-Star assembly plant, however, is privately owned. Covering 533 acres, it is located immediately next to the government facilities. Lockheed also ranks as Antelope Valley's largest single industrial employer with about 3,200 people on its payroll.

Edwards Air Force Base. Edwards Air Force Base, located on the western edge of the Mojave Desert, is the Air Force's second largest installation, covering over 300,000 acres. Facilities at Edwards AFB include 19 hangars and 238 acres of parking aprons. There are two runways: a 15,000-foot main runway and the 36,660-foot Rogers Lakebed runway, which serves as an emergency landing field for experimental aircraft. About 9,750 are employed at Edwards Air Force Base.

Research, development, testing and evaluation of aircraft to be used by Air Force command groups is the primary mission of the Air Force Flight Test Center at Edwards. A member of the Air Force Systems Command, it is currently conducting technical test programs of B-1 bombers and the F-16. Boeing, Northrop, General Dynamics, and General Electric are contractors at Edwards Air Force Base.

Together with the Air Force Flight Test Center, three tenant organizations are located at Edwards. These include the Air Force Rocket Propulsion Laboratory, U.S. Army Aviation Systems Test Activity, and the National Aeronautics and Space Administration (NASA).

Carbon Black Plants. In addition to the aircraft and aerospace industry, the production of electronic components, fabricated metals, carbon products, concrete and concrete building materials, poultry products and garments are important components of Antelope Valley's economy. Two of the three carbon black plants located west of the Mississippi are in Antelope Valley and produce over 50 million pounds of carbon black annually. Carbon black, used by the rubber industry in the manufacture of automobile tires, is produced by the Ashland Chemical Company and the Columbian Carbon Corporation in Mojave. In addition, the Great Lakes Carbon Company is the largest manufacturer of synthetic graphite electrodes west of the Mississippi. Over 7,500 tons of graphite are produced annually at their \$5 million plant at Rosamond. Great Lakes Carbon employs about 130 people on a payroll of \$1.5 million.

The table below identifies the major industrial employers in the Antelope Valley.

ANTELOPE VALLEY MAJOR MANUFACTURERS

	Estimated Employment, 1976
Lockheed-California Company	3,200
U.S. Air Force Plant 42* (Lockheed-California Company, McDonnell-Douglas Company, Rockwell International Corporation, Northrop Corporation, NASA)	3,400
Edwards Air Force Base (USAF Flight Test Center, Jet Propulsion Lab, Boeing International, General Dynamics, General Electric, USAF Rocket Propulsion Lab, Northrop Corporation, NASA) ..	9,750
U.S. Borax and Chemical Company.....	850
Federal Aviation Administration.....	570
California Portland Cement.....	250
Monolith Portland Cement.....	200
Los Robles Cement.....	124
Antelope Valley Turkey Growers.....	160
Great Lakes Carbon.....	120
BR and BR Sportswear.....	100
Ryckebosch and Sons.....	85

* Includes employees of contractors listed. Estimates as of December 31, 1976.

Source: Antelope Valley Board of Trade, 1976 Progress Documentary.

GOVERNMENT

Federal, state and local government, excluding military personnel, is the second largest employment group in the Antelope Valley. Major government facilities include Edwards Air Force Base, the regional offices of Los Angeles County in Lancaster, and the Federal Aviation Administration Air Traffic Control Center, located

at the edge of Plant 42. The latter is responsible for air traffic over the southwestern portion of the United States (Southern California and parts of Nevada, Utah and Arizona), and employs 570 people.

MINING

In California, Kern County ranks first among counties in mineral production. An important source of Kern County's minerals is the Antelope Valley.

U.S. Borax and Chemical Corporation. The world's leading producer of borates and boron chemicals, the U.S. Borax and Chemical Corporation's open pit mine is located at Boron in the east Kern County portion of Antelope Valley. Boron is used in products including fiberglass, heat resistant glass, porcelain enamel, soaps, detergents, fertilizers, space and missile fuels, cosmetics and medicine. U.S. Borax has a multi-million dollar facility at Boron and has been actively undertaking an expansion program to meet worldwide demand for boron. With over 850 employees, U.S. Borax and Chemical Corporation is one of AVEK's largest taxpayers.

Cement Production. The Antelope Valley also ranks as one of the major cement producers in California. California Portland Cement Company at Mojave, and Monolith Portland Cement Company at Tehachapi, are two major cement plants. Both plants lie just outside the boundaries of AVEK. Combined, these plants employ over 450 people with a multi-million dollar payroll and plant facilities valued at about \$42 million. Cement production has been affected by the general slowdown in construction activity but the cement industry expects an upturn as the economy improves.

Clay, sand, gravel, alumina bauxite, magnesium and gold are other minerals found throughout the Antelope Valley.

AGRICULTURE

Agriculture dominated the Antelope Valley economy until about 1950. A long growing season, fertile soil and available water, coupled with a good network of transportation systems, have established the area as an important agricultural community.

Total crop production in the Antelope Valley for both Kern and Los Angeles Counties exceeded \$48,000,000 in 1975. The principal field crop is alfalfa. Grains, peaches, pears, and sugar beets and other fruits and nuts are major crops which have individually grossed about \$500,000 annually in recent years. Vegetables such as cantaloupes, carrots and melons are also produced in the valley.

Livestock production, as shown below, is important in the Antelope Valley. Production exceeded \$28,000,000 in 1975, with poultry as the principal commodity accounting for about 70 percent of livestock production. Cattle, hogs, horses and sheep are other animals raised in the area.

The accompanying table indicates crop production in the Antelope Valley. Kern County's portion of the region's crop production is limited to field crops. Production was about \$7,300,000 in 1975.

Urban land uses continue to gradually encroach upon agricultural lands in the Antelope Valley. However, county planners estimate the role of agriculture will remain important in the Antelope Valley, even as actual acreage declines.

ANTELOPE VALLEY-EAST KERN WATER AGENCY AGRICULTURAL PRODUCTION

	1960		1968		1975	
	Bearing Acres	Value	Bearing Acres	Value	Bearing Acres	Value
Los Angeles County						
Plant crops	160,000	\$11,300,000	173,000	\$10,800,000	169,200	\$12,575,000
Livestock	—	15,162,000	—	17,142,000	—	24,000,000
East Kern County						
Plant crops	28,000	\$ 7,100,000	29,000	\$ 6,800,000	27,000	\$ 7,300,000
Livestock	—	1,930,000	—	1,855,000	—	4,325,000
Antelope Valley Extended Region						
Totals (rounded)	188,000	\$35,490,000	202,000	\$36,600,000	196,200	\$48,200,000

* Antelope Valley Board of Trade estimates.

Sources: County of Los Angeles, Department of Health Services, Kern County Department of Agriculture, Antelope Valley Board of Trade.

The joshua tree, indigenous to the southern California region, is found along the northern edge of the Mojave Desert at elevations of 2,000 to 6,000 feet.

(C. D. Smith photo)



The Federal Aviation Administration (FAA) operates an air traffic control center adjacent to Plant 42.

(Frank Stubbings photo)



MAJOR COMMUNITIES

The major communities in Antelope Valley are dispersed over the region's 3,000 square mile area. The communities represent major industrial areas which are served by a network of highway, airport and railway systems.

Lancaster. The principal urban community is Lancaster, located along the Antelope Valley Freeway and about an hour's drive from Los Angeles. Covering approximately 36 square miles, Lancaster serves as the government, commercial, residential, and cultural center of the area. Regional offices of Los Angeles County, banking institutions, and major retail establishments are located in the main sector of the community. A large number of personnel employed at nearby Edwards Air Force Base and U.S. Air Force Plant 42 reside in the community. With a population of 45,000, Lancaster is the most populous of the valley's communities.

Palmdale. Palmdale is the only incorporated city in the Los Angeles County portion of Antelope Valley. It is the site of U.S. Air Force Plant 42 and the proposed Palmdale Intercontinental Airport. It is the second largest community in Antelope Valley, with a population of 12,000 in the city limits. As discussed earlier, part of Palmdale is located out of AVEK's district boundaries and is served instead by the Palmdale Water District.

Rosamond. Rosamond is located along the Antelope Valley Freeway above Lancaster and in Kern County. It is situated at the entrance of Edwards Air Force Base and its economy is based largely on governmental employment and agriculture. Industries such as the Great Lakes Carbon Company, manufacturer of synthetic graphite, augment Rosamond's economic base.

Mojave. Mojave's role as transportation center dates back to the 1880's when it was the terminus for the famous twenty-mule teams that hauled borax out of the Death Valley. It is located at the intersection of the Southern Pacific and Santa Fe railroads and at the intersection of two major highways, the Antelope Valley Freeway to Los Angeles and Highway 58, which run in an east-west direction across the valley. Air service is provided at the Mojave Airport which is administered by the East Kern Airport District. The district has recently completed a master plan for future airport development. Major industrial employers in Mojave include, an aluminum extrusion plant, California Portland Cement Company, Ashland Chemical Company, Columbian Carbon, and General Electric Company.

Boron. Boron is located in the northeastern corner of Antelope Valley, off of Highway 58. Boron's economy is centered around the U.S. Borax and Chemical Corporation, which began operations in 1926 and currently employs about 850 people.

California City. Incorporated in 1965, California City has been master planned and is currently being devel-

oped by Great Western Cities for orderly residential and commercial growth. The city's master plan provides for residential areas, recreational activities, civic and shopping facilities, light industry, and large areas of open space and parks. The city has recently dedicated its \$250,000 civic center. Five industries are located at California City's industrial park.

The city's airport, in addition to serving the industrial park and local residents, is being developed for recreational uses. Parachuting and soaring activities and instruction are available at the airport, which has a 6,000-foot runway.

Other communities in the Antelope Valley include Pearblossom and Littlerock, located in Los Angeles County about 10 and 15 miles southeast of Palmdale. Both communities are known for their production of pears and peaches. Littlerock is served by the Littlerock Creek Irrigation District, which has an independent contract for the delivery of State water, and is outside of AVEK's boundaries. Quartz Hill is located to the west of Lancaster and is an important producer of almonds. Gorman, located at the far western corner of the valley near Interstate 5, and Acton, located in the foothills of the San Gabriel Mountains, are within the boundaries of AVEK and have no major industries.

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HIGHER EDUCATION

Antelope Valley College. Antelope Valley College is a public junior college in Lancaster. The college offers two types of curricula. The transfer curriculum fulfills requirements necessary for junior standing at a four-year institution. The occupational curriculum, on the other hand, is generally a two-year program designed for immediate employment. The occupational programs at Antelope Valley College are developed to integrate with the local economy. Representatives from business, industrial, and professional firms in the community, and in the greater Los Angeles area, serve on advisory committees and assist in the development of specific occupational curricula. The college currently offers Associate of Arts degrees in such fields as agriculture, air-conditioning, air traffic control, aircraft manufacturing and maintenance, allied health, business, engineering and electronics. The 110-acre college campus is valued at \$7 million. Campus facilities, in addition to instructional buildings, include the administration building, a student center and cafeteria, a gymnasium, an enclosed swimming pool building, an athletic stadium, and a performing arts complex. Enrollment as of fall 1976 was 6,020.

Cerro Coso College. Part of the Kern Community College District, Cerro Coso College occupies new campus facilities in the city of Ridgecrest, located about 80 miles north of Lancaster. While Ridgecrest is not within AVEK, the college does serve the communities of Mojave, Boron and Edwards Air Force Base. Total enrollment at the college is 4,200. Like Antelope Valley

College, it offers both a transfer curricula and an occupational curricula. The college campus covers 60 acres, and development of the campus basic facilities will continue during the next three years.

In addition to these two educational institutions, extension courses administered by UCLA, the University of Southern California, and California State University at Northridge are available at Edwards Air Force Base. The main campuses of these three universities are also within a 60-90 minute commute drive from Lancaster.

COMMUNITY SERVICES

Hospitals. Health services in the Antelope Valley are provided by six hospitals. The larger hospitals are located in the Lancaster area, with smaller health facilities located in the outlying portions of the valley. The Antelope Valley Hospital Medical Center is a 145-bed unit, operated by the Antelope Valley Hospital District. It is the largest medical facility in the regional area and offers the most comprehensive range of hospital care. Cobalt treatment, coronary care, isotope therapy, physical and occupational therapy, as well as neurological and mental health services are available at the medical center. The hospital recently completed its \$9.6 million expansion program. The additional wing houses a new cardio-pulmonary department and a hemo-dialysis unit and 39 more beds.

Lancaster Community Hospital is a 99-bed private hospital. Its facilities include a nuclear medicine department, an 8-bed critical care unit, and a newly constructed pediatrics unit. Other facilities serving the Lancaster area are Mira Loma Hospital in Lancaster and Palmdale General Hospital. Mira Loma is a 126-bed hospital operated by Los Angeles County. Palmdale General Hospital, on the other hand, is a general proprietary hospital. It offers a full range of hospital services, including psychiatric care. Currently the hospital has 83 beds and has approval to expand their facilities by 53 more beds. Edwards Air Force Base has its own 60-bed hospital with a staff that includes specialists in pediatrics, obstetrics, surgery, and internal medicine. Finally, in the northern portion of Antelope Valley at Boron is Citizens Hospital, a 13-bed unit. Citizens Hospital provides general hospital care, including surgery and cardiac treatment. Patients requiring more intensive care are normally transferred to Antelope Valley Hospital Medical Center.

Fire Protection. The greater part of Antelope Valley is provided fire protection service by both Los Angeles and Kern Counties. The incorporated cities, except California City, generally contract for fire protection from the county governments, and the unincorporated areas receive regular county service. Lancaster, the largest community, is served by the Los Angeles County Fire Protection District. Three fire stations, four engine companies with a force of 33 men, and a supplemental volunteer force of 20 men protect Lancaster from fire hazards

and provides paramedical emergency services. California City is the only incorporated area to have its own fire department.

Police Protection. As for fire protection, police protection for the area is generally provided by Los Angeles and Kern County sheriffs. California City, however, maintains its own police force of 9 officers and 12 reserves. Over 130 officers from both Kern and Los Angeles Counties provide law enforcement service. In addition to the county sheriffs' offices, the California Highway Patrol, maintaining offices in Lancaster and Mojave, has a 75-man force patrolling the Antelope Valley.

Search and rescue teams, ready for emergency action, supplement police protection. A 28-member search and rescue team and two helicopter equipped paramedic details serve the Palmdale-Lancaster area. Another 25-member search and rescue team serves the Boron-Mojave area.

UTILITIES

Sewer and water service are provided by local government agencies, serving individual communities. Lancaster, the major urban community, is provided sewer service by Los Angeles County Sanitation District No. 14. Service is provided by a treatment plant with a capacity of 7 million gallons per day. Water for Lancaster is supplied by Los Angeles County Waterworks District No. 4, which has a maximum pumping capacity of 25.8 million gallons per day. Special districts such as Desert Lake and Boron Community Service Districts, Mojave Public Utility District and Rosamond Community Service District provide their individual communities with water and sewer service.

Palmdale Water District serves the incorporated portion of Palmdale, and Littlerock Creek Irrigation District serves the community of Littlerock, located about five miles south of Palmdale. These two districts are located in the Antelope Valley but have independent contracts for delivery of water from the State Water Project.

Electrical service is provided by Southern California Edison Company in the Los Angeles County area and by Pacific Gas and Electric Company in the East Kern County portion of Antelope Valley. Southern California Edison, an investor-owned electric utility serving more than 7.3 million people in Central and Southern California, has over 40,000 customers in Antelope Valley. As part of an expansion and improvement program in the Antelope Valley it spent nearly \$3 million on electrical distribution lines and facilities. Of this total, \$1.9 million went to operation and maintenance and \$1.1 million represented new customers and improvements.

Telephone service is divided among three companies. General Telephone Company serves the Lancaster-Quartz Hill area, Pacific Telephone Company serves Rosamond, Palmdale and Mojave, and Continental Telephone provides service in Boron and California City.

Total telephone customers exceed 55,000. General Telephone spent \$1.4 million for new switching equipment, underground cables, terminals and other outside plant equipment in 1975. It serves about 35,000 customers.

REAL ESTATE AND TRADE

The community of Lancaster, which covers an area of approximately 36 square miles, serves as the residential, commercial and cultural center of the Antelope Valley. Building activity for Lancaster and Palmdale is shown in the following table. Lancaster, the unincorporated area around Palmdale, and parts of the city of Palmdale are within AVEK's boundaries.

Generally, 1976 building activity in Lancaster and the incorporated portion of Palmdale is back up to 1973

levels. The unincorporated portion of Palmdale experienced the strongest building activity since 1969.

LANCASTER RETAIL SALES DATA

1960.....	\$ 73,156,650	1968.....	\$135,341,700
1961.....	77,098,350	1969.....	150,755,400
1962.....	88,213,350	1970.....	199,485,800
1963.....	98,947,800	1971.....	214,332,500
1964.....	104,054,850	1972.....	223,266,700
1965.....	105,548,550	1973.....	235,591,000
1966.....	115,522,050	1974.....	252,580,000
1967.....	123,836,200	1975.....	278,342,000

Source: Lancaster Chamber of Commerce, 1976.

LANCASTER-PALMDALE AREA TOTAL BUILDING PERMITS, VALUATION, AND DWELLING UNITS, 1970-1976

	Building Permits	Housing Units	Valuation Housing Units	Valuation Commercial/ Industrial and Other	Total Valuation
Lancaster					
1970.....	1,920	690	\$10,771,380	\$ 6,497,960	\$17,269,340
1971.....	1,946	875	14,127,820	3,959,340	18,087,160
1972.....	1,899	755	13,651,880	4,731,030	18,382,910
1973.....	2,017	1,082	19,884,270	6,993,930	26,878,200
1974.....	1,521	180	5,155,960	10,461,950	15,617,910
1975.....	1,357	153	5,549,110	4,311,510	9,860,620
1976.....	1,535	277	10,649,680	7,119,800	17,769,480
Palmdale, Unincorporated					
1970.....	608	212	\$ 2,939,740	\$ 1,208,515	\$ 4,148,255
1971.....	525	133	2,163,300	1,030,440	3,193,740
1972.....	594	108	1,948,810	1,617,110	3,565,920
1973.....	482	124	2,682,490	1,034,640	3,717,130
1974.....	584	105	2,665,140	1,321,150	3,986,290
1975.....	535	81	2,441,130	1,381,720	3,822,850
1976.....	703	150	4,519,030	2,554,290	7,073,320
Palmdale, Incorporated					
1970.....	429	188	\$ 2,046,300	\$ 4,206,124	\$ 6,252,424
1971.....	351	97	1,271,700	3,848,940	5,120,640
1972.....	458	436	4,848,450	2,957,550	7,806,000
1973.....	407	544	6,018,830	856,180	6,875,010
1974.....	218	27	678,800	2,663,620	3,342,420
1975.....	196	3	139,000	1,294,850	1,433,850
1976.....	248	7	—	2,125,270	2,429,510

Source: Los Angeles County Department of County Engineer.

TRANSPORTATION

The Antelope Valley Freeway (State Route 14) runs through the major communities in the valley and is the primary connecting highway to the Los Angeles metropolitan area and ski and fishing resorts in the high Sierras. Route 58 and State Highway 138 provide east-west transportation to Bakersfield and San Bernardino.

Three freeways that will link the Antelope Valley with the Metropolitan Los Angeles area have been proposed. The routes of these freeways have not as yet been adopted, and if they are, construction will not begin until after 1980.

Both the Southern Pacific and Santa Fe rail lines provide transcontinental service in and out of Antelope Valley. Three major communities—Mojave, Lancaster and the City of Palmdale—are located along Southern Pacific's San Francisco-Los Angeles main tracks. The Colton-Palmdale by-pass routes freight around Los Angeles to Southern Pacific's freight classification yard at San Bernardino.

Airport facilities are available at Fox Field in Lancaster, Plant 42 in Palmdale, and Mojave Airport. Golden West Airlines provides daily passenger and freight service at Palmdale and Mojave Airports.

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PALMDALE INTERCONTINENTAL AIRPORT

The Los Angeles Department of Airports has spent over \$50 million to acquire land for the proposed 17,700-acre Palmdale Intercontinental Airport. About 88 percent of the land needed has been purchased. All but 320 acres will be in AVEK. Construction is planned to begin in the mid-1980's. The Palmdale Intercontinental Airport is planned to handle 10 million passengers annually, when completed in about 1990. If Hollywood-Burbank airport closes as scheduled December 31, 1977, Palmdale Intercontinental Airport may be needed sooner than planned.

A draft of the environmental impact report was reviewed in December 1976. According to the report, the airport could have an economic impact on the local economy of over \$1 billion.

RECREATION AND TOURISM

A wide range of recreational opportunities are available throughout the Antelope Valley or within easy driving distance. For the sports-minded, there are facilities for hunting, fishing, camping, hiking and skiing in the

surrounding Angeles National Forest, in the San Gabriel Mountains and the Tehachapi mountain range. Horseback riding, swimming, boating, and other water activities may be pursued at Hughes Lake or Elizabeth Lake, located about 16 miles from Lancaster, or at the Little-rock Reservoir. For sports car enthusiasts, the Willow Springs Raceway is located near Rosamond. In addition, bicycle enthusiasts can now enjoy the new California Aqueduct Bikeway, which when completed will extend 107 miles through the Antelope Valley. Sixty-eight miles of bikeway has so far been completed on the paved service roadways, running along the California Aqueduct. Rest stops, providing water, picnic tables, and sanitation facilities have been provided at 10-mile intervals.

The Antelope Valley also includes several major tourist attractions. The San Andreas Fault which borders the valley has been the cause of massive and unusual geologic formations at Devil's Punchbowl County Park, located in the San Gabriel Mountains south of Pearblossom, and Vasquez Rocks County Park. Visitors come to see these rock formations, which in the case of Vasquez Rocks, were formed about 25-40 million years ago by an earthquake, tilting about 700 acres of rocks upward as high as 200 feet. Both of these parks provide hiking, camping, picnicking and nature studies. Another tourist attraction is Saddleback Butte State Park, formerly Joshua Trees State Park, which attracted nearly 35,000 visitors during 1973-1974. Located east of Lancaster, the park derives its name from the 40-50 foot Joshua trees. Often mistaken for cactuses, these trees are actually members of the lily family.

In addition to these unusual park areas, fields of wild flowers, such as the California poppy and desert dandelion, attract visitors to the valley's wildflower sanctuaries during the March to April blooming period. A Wildflower Center is also opened each spring in Lancaster. The center annually attracts 50,000-100,000 people to its wildflower, gem and mineral displays and community exhibits.

Burton's Tropico Gold Mine in Rosamond is a former gold mine now open to tours. In Lancaster, the Antelope Valley Fair draws over 150,000 people during its annual five days.

Antelope Valley residents are also within an hour's driving time to the Los Angeles metropolitan area and recreational opportunities at such places as Disneyland, Knotts Berry Farm, the Queen Mary, and many other Southern California visitor attractions.

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